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KOREAN CONTRIBUTIONS TO CIVILIZATION

By Homer B. Hulbert*

During the 4000 years of Korea's legendary, traditional and historical life she has been so isolated from foreign contacts that when we speak of her "contributions to civilization" we can hardly mean specifically or solely her influence upon neighboring peoples. Some of these will be mentioned, but any brief resume of Korean achievements in progressive civilization must deal very largely with her own internal growth and efflorescence of her own culture.

In the realm of legend Korea is particularly rich. The story of how the Creator sent his son to earth to form a kingdom, of how he descended to earth in the form of a wind, of how he found a virgin sitting beside a stream, of how, through her, he became incarnate and in the person of Tan-gun taught the wild tribes the rudiments of civilization—all this and a hundred other stories are dear to the Korean heart. All down the centuries the people have honored the great altar on Mari Mountain, the Tan-gun Altar, and once in each century have appropriated money for its repair.

Then in 1122 B. C. the Chinese sage Ki-ja came self-exiled from China with 5000 followers. There, without any fighting or any military conquest, he welded the native tribes into a kingdom of which the slogan was not "The Flag", but "Peaceful Living"; and to emphasize this he planted a long row of willows along the river bank, the willow tree meaning to the Korean what the palm-tree means to Christendom.

In Ki-ja's train came hundreds of experts in agriculture, textiles, medicine, and scores of others who rapidly developed the civilized arts of life. This period lasted almost exactly a thousand years, during which, except for an occasional flare-up on the part of some wild tribe beyond the border, there was no fighting. China was Korea's patron and not her suzerain. This Golden Age of Korea might well have been an object-lesson both to China and Japan. It was the most successful experiment in colonization of which we have any record. One should mark the difference between Ki-ja's methods and the treatment of the natives in later military colonization.

The next Korean era is that which is called "The Three Kingdoms". These were Pak-che in the southwest, Silla in the southeast and Ko-ku-ryo in the north. Of these, Silla was the most highly civilized. She made remarkable progress in the study of astronomy. That her scholars could foretell eclipses of the sun is at least probable as suggested by the fact that in her history, at one point, there was great excitement because a predicted eclipse of the sun *did not materialize*. This period of Korean history, which lasted some 600 years, witnessed the introduction of two innovations which were destined to have a deep and lasting influence upon the civilization of Korea, namely: the importation of the Buddhist religion and the simultaneous introduction of the Chinese classical literature. These two cults were, from the very beginning, deadly rivals of each other, and it was not until 1392 A. D. that the pro-Chinese element

* A posthumous article by the greatest student of Korean history.

put the final quietus upon the Buddhist hierarchy so far as political influence was concerned. A knowledge of the Chinese ideograms and of the Chinese classical literature formed the criterion of scholarly as well as social prestige. It should be noted, however, that this had nothing to do with either the Korean or Chinese vernacular. No Korean learned to *speak* Chinese. The relation of the Chinese ideograms to the Korean language was almost the same as that of Latin to the Anglo-Saxons, or whoever inhabited the British Isles.

Buddhism, on the other hand, had little traffic with literature, but gained its following through gorgeous pageantry, magnificent monasteries, exquisite artistry, and thrilling rituals. Its main appeal was to the common people and especially to women, to whom it offered equality with men.

One contribution that Korea made to the civilization of neighboring peoples was when she passed on to Japan the Buddhist cult. The Japanese accepted it with avidity and before long she far surpassed the Koreans in both the practical and the artistic features of that cult.

The kingdom of Silla, at last, after 975 years of varying fortunes, fell without a struggle into the hands of a usurper, Wang-gon, who formed the new kingdom of Ko-ryu with its capital at Song-do in the North. Buddhism had now reached its apogee and was due to decline. The land was cursed by a thoroughly corrupt hierarchy which compelled every third son in the kingdom to become a Buddhist monk. Fortunately the small but efficient army was in the hands of the Confucian element, the determined foes of Buddhism. Its leader was General Yi T'ai-Cho, a worthy member of the literary, or Confucian, party. The Buddhists were, of course, afraid of him, but the kingdom required an army to fight the Japanese raiders and the wild tribes of the North. The Court kept him as far as possible from the capital, Song-do. One day he received a royal order to invade China where the Ming Dynasty was just beginning its splendid course. This was too much even for his loyalty. With the unanimous consent of his troops he marched on the capital, which fell without a struggle.

Yi T'ai-Cho accepted, though reluctantly, the leadership of the new regime and inaugurated a new dynasty which lasted until 1910. He and his immediate successors set in motion a series of reforms which constituted a genuine rebirth of the nation, more radical even than the renaissance of medieval Europe. It transformed not only political life but the literary, religious, economic and social activities of the entire populace. There was about it a certain Leonardo da Vinci versatility. It saw the invention of the first movable, metal printing type, fifty years before Gutenberg, and many other scientific instruments, including the clepsydra (or water clock).

Since literature was the special privilege of the wealthy and leisured class, the ruling sovereign

determined that an alphabet must be devised which would give the common people access to the treasures of literature. A commission was appointed for this purpose and it went to work upon the task. The only alphabet within their reach was the Thibetan, used in the Buddhist monasteries. From this, as a model, they borrowed the consonants in simplified form. But the Thibetan was short of vowels and made the consonant the basis of the syllable. The genius of the Koreans was shown in the declaration that the basis of the syllable is the vowel. They said that the vowel is the "mother" of the syllable and the consonant is the "child." So they took their vowels from some of the simpler strokes in the Chinese writing and thus obtained an alphabet, each letter having a single sound and each sound a single letter. There are two or three minor exceptions, but taken as a whole it is probably the simplest and most purely phonetic of any existing alphabet. Any Korean of average ability can learn to read in a few weeks.

But splendid as this invention was, it required time for its popularization. The nobility clung to the Chinese ideograms because a knowledge of these was the basis of their social prestige. So the alphabet was restricted to the common class. Although there are no statistics, it is probable that literacy, most of it of a low order, was far more widespread, proportionately, than either in China or Japan. This priceless treasure awaited patiently the time of its efflorescence, which came only when people from the Occident, untrammelled by the wizardry of the Chinese ideograms, discovered to the Korean people the splendid possibilities of their own long-hidden wealth. Or, to change the metaphor, the Koreans merely "panned" the surface treasure for a meager gain until their Western friends disclosed to them the marvels of the "Mother Lode."

Under the scourge of Hideyoshi's invasion from Japan in 1592, Korean genius leaped to her defence when Admiral Yi Sun-sin invented an iron clad vessel which could be neither burned nor boarded, and with it fought a naval battle which did for Korea and China what Salamis did for Greece and Europe. This was the first iron-clad of which there is any record. At about the same time the Koreans made the first bomb and mortar to which history refers.

A Chinese force that had come to help Korea drive out the Japanese invaders refused to cross the Im-chin River in pursuit of the retreating Japanese unless the Koreans should bridge that stream. It was too wide for the use of piles, so the Koreans made eight heavy hawsers, drew them across the river and anchored the ends firmly in the soil. But as yet they only floated on the surface of the water. So hundreds of men, each pair armed with a stout oaken bar, went out in boats, inserted the bars between pairs of hawsers and by torsion lifted them well above the surface, thus forming the basis of the first suspension bridge of which

JAPAN'S SHIPPING

The Ministry of Transportation issued a white paper on shipping, under the title of the "Current Situation of Japan's Shipping" which gives details of Japan's Shipping in comparison with that of foreign countries, stressing the need of correcting the extremely unbalanced capital structure of Japan's shipping industry which lost their entire accumulated capital in the last war.

The entire tonnage of world shipping in the middle of 1954 registered 97,420,000 gross tons, an increase of 42 per cent over the 68,510,000 gross tons of 1939. The volume of cargo shipment in the world in 1953 also showed an increase of 43 per cent over the prewar level. The characteristics of the postwar marine transportation is that cargo movement has been tending to increase centering around the United States.

Shipping is of vital importance to the Japanese national economy which is destined to depend largely upon foreign trade; it has to earn and economise on foreign currency. It is greatly contributing toward the improvement of the international balance of payments by earning about U.S.\$200 million yearly. Shipping as an invisible export ranks above cotton yarn and cloth, steel and machinery in the amount of exports. The foreign currency earned by shipping is on the increase; from \$206 million in 1953 to \$220 million in 1954.

It is expected that the total of ships will be 1,154 aggregating 3,460,000 gross tons when vessels now under construction are completed in September. Of this total ocean-going vessels over 3,000 gross tons will aggregate 2,610,000 gross tons. Japan's postwar restoration and current amount of merchant fleet is inferior compared with the nation's prewar bottoms (standard year: 1936) and the rate of restoration of shipping bottoms in other countries. This is evident in the light of the following figures: Japan's shipping bottoms at the end of 1954 was only 80 per cent of 1936; the proportion of Japan's fleet in world shipping in 1936 which was 6.6 per cent has declined to only 3.7 per cent in 1954; the third place Japan held in prewar world shipping has fallen to the seventh now. As of 1954, 74 per cent of the nation's total ships were freighters, 21 per cent tankers and four per cent passenger-freighters. The remaining one per cent were passenger boats of small size plying coast-wise.

During 1954, a total of 2,750,000 deadweight tons (1,900,000 gross tons) of freights and 870,000 dead-

weight tons (550,000 gross tons) of tankers were in operation in overseas waters. Of freighters, the ratio of the regular service and the irregular service was fifty-fifty. The advance of Japanese ships into the Atlantic Ocean was remarkable; the volume of vessels exceeded 1,000,000 deadweight tons in the summer of 1954 and aggregated 1,330,000 deadweight tons in November of the same year. The tempo of the increase corresponds with that of the expansion of Japan's merchant fleet. The frequency of monthly sailing on overseas routes in the year was 35.5 sailings, still only 60 per cent of the prewar level.

The volume of cargo hauled by Japanese ships on international routes in 1954 was 22,120,000 tons including 16,140,000 tons imports and 2,700,000 tons exports. Including 3,280,000 tons handled in triangular trade shipment, Japan's merchant marine shipped only 46.6 per cent of entire imports (including oils) and 43.9 per cent of entire exports, far below the prewar records.

The world tramp boat freightage became steady since last fall and recorded a restoration of 50 to 100 per cent within three months. The firm tone of the tramp boat freightage produced a good effect on the regular service market; it enabled Japanese shipping companies to raise the regular service freightage too. Although a rise in the freightages since last October was not well reflected in the settlement of accounts of fiscal 1954, yet an increase of ¥1 million in receipts per month is expected in fiscal 1955.

There are 260 companies engaged in shipping enterprises with steel vessels; companies which own ocean-going vessels of over 3,000 gross tons number 81 and total capital amounts to ¥30 billion. The tonnage of vessels owned by these companies is 2,400,000, of which those receiving state subsidies number 54 (21 operators and 33 ship owners). Their ships aggregate 2,130,000 gross tons. The total assets of the 54 companies amount to ¥261 billion including ¥231 billion of borrowed capital and ¥30 billion of own capital. The balance sheets of the principal 48 companies from September 1952 to March 1955 recorded a deficit of more than ¥6 billion in total. No dividends have been paid since 1953. The average ratio of debts over the capital is as high as 722 per cent, quadruple of that of the entire industry.

Many shipping nations today are adopting promotive measures for the maintenance and expansion of their shipping. Some of these measures adopted by foreign countries include: low interest state loans to shipbuilding in the U.S., West Germany, Italy and France; differential subsidies for construction of ships in the U.S., France, Italy and Belgium; differential subsidy for import vessels in Italy; buying up of old ships in the U.S.; special depreciation system for vessels in U.S., Britain, France, Italy, the Netherlands, Sweden and Norway; differential subsidy for operation balance in U.S., France and Italy; government investment in France and Italy. The interest subsidy system for shipbuilding loans, currently adopted in Japan, alone is not sufficient to solve the problems of its shipping. What is required is drastic measures of the Government to correct the unfavorable capital structure as well as voluntary efforts on the part of shipping companies for further rationalization.

— Nagayoshi Murata

we have any record, if we except the light swinging foot-bridges of the Andes and the Himalayas.

All down through the five hundred years of the dynasty that ended in 1910 a most peculiar and unique policy was followed. Every year a commission of noted scholars was given the duty of writing a history of the year without fear or favor even though, if published, it might come under the charge of lese majeste. There were no favorites. Copies of these accounts were buried in vaults in three places in the country, the idea being that at the end of the dynasty these unbiased accounts might become the basis of a genuine and accurate history of the whole dynasty. This custom exhibited a remarkable loyalty to the inner Spirit of History.

AID FOR MALAYAN RUBBER

Half a century after the momentous change from the coffee bush to the Brazilian rubber tree, Malaya is in the throes of another planting boom. On the 3,700,000 acres of planted rubber, managers and village smallholders are looking over their land, calculating as their fathers did 50 years ago on a seven-year gamble in a rubber planting programme. Fifty years ago it was rubber planting, for the first time, today it is rubber replanting. The story is an old one even if the techniques and the reasons are new. The great change from coffee to rubber, which altered the face of Malaya, started in the early 1900s and was finished by the First World War. It came from Brazil producing thousands of tons of coffee at a price that was too low for Malaya to compete. Today the threat to the established Malayan rubber industry, now largely dependent on old out-of-date stock, is from American synthetic rubber, an economic question mark that hangs over every rubber estate and smallholding in Malaya today.

At present rubber is selling at HK\$1.80 a pound, but it is a false price and those closely concerned with the industry know it. Soon after the price must fall and with it will come difficulties not only for the estates but for Malaya as a whole. There is reason to believe that in a few years' time synthetic rubber, produced from oil in factories that can turn out tens of thousands of tons a year, will be selling at a price of 60 HK cents a pound. Only a very few estates in Malaya today, and probably few of the smallholdings, could compete at that price.

There are signs that the "battle" between Malayan-produced tree rubber and man made rubber will develop into a straight fight. At present, and perhaps only for a while, the American rubber industry prefers a third of its consumption in synthetic, a third in natural and a further third at the cheapest price, whether it be natural or synthetic. But scientists, particularly those employed by the giant American rubber companies that now own the former Government factories, are striving hard to produce a synthetic competitive in all markets. In the last few years the number of products in which natural must be used to ensure quality has gradually shrunk. In a few years' time the number will be fewer.

Officially stated to be the answer to the challenge of synthetic, the Federation of Malaya Government has this year started a HK\$560,000,000* programme to replant 21 per cent of the total acreage of rubber in the Federation with high yielding stock. It is a bold plan to make natural competitive with synthetic. The scheme, which will be spread over 11 years, was unanimously approved by the Federal Legislative Council. It was realised that the money had to be spent as an insurance for future revenue despite the fact that the budget has had a deficit in the past two years; that revenue is about \$1,200,000,000 a year; and the running fight against communist terrorism siphons off, at a conservative estimate, about \$400,000,000 a year.

Well over 90 per cent of the rubber estates today are producing from rubber trees of old stock. A few enlightened estates have already started substantial replanting programmes with high yielding trees, produced by years of selective breeding. They give up to 1,200 lb. of rubber a year compared with between 300 and 400 lb. a year from normal stock. The high yielding estate produces more rubber at a cheaper price which will be an important factor

when America enters the expected rubber boom of the 1960s bringing a greatly increased demand. It is confidently hoped that an estate planted with high yielding rubber will be able to compete with 60 cents synthetic.

The scheme officially started on July 1, giving time to estates to "slaughter" tap their old trees by milking them dry of latex before felling begins. Each estate will be encouraged to plant three per cent of its acreage a year and out of the HK\$560 m. subsidy the Government will pay the cost of replanting. The scheme is spread over 11 years, though a rubber tree takes only seven years to come into bearing, in order to give tardy estates an opportunity to enter the scheme at a later date.

The Government's scheme, costly as it seems in 1955, will ultimately result in only 21 per cent of the country's rubber acreage being replanted. The hope is that with the money saved by the Government grant, and the stimulus from the scheme, estates will privately step up their own replanting scheme as well so that by 1963 a considerable portion of the Malayan rubber industry will be in a position to produce cheap rubber.

The need for the Government to help was first emphasised by Sir Francis Mudie, who headed an official mission to Malaya to advise on the rubber industry. His scheme provided the basis of the present replanting plan, though amended by the industry and the Government.

The Federation Government has a deep interest in the rubber industry. In the five years from 1950 to 1955 the Federation Government collected \$1,762 m. in export duty of which \$1,044 m. came from rubber. Income tax in the same period amounted to \$6,164 m. of which \$1,736 m. came from the rubber industry. But the importance of rubber to Malaya goes deeper than that for, as the Korean war slump and boom graphically illustrated, the country's entire economy is linked with rubber. Almost every facet of business life prospers or slumps with the price of this commodity and the prosperity of the rubber industry.

As Sir Francis Mudie said in his report: "Underlying the whole of our report there is really only one main question, 'Is it possible to increase Malaya's output of rubber, or must we resign ourselves to gradual decline and decay?' On the answer to that question Malaya's future depends."

However only a part of the Government subsidy will be used for estates which are managed and owned by plantation companies. Of the total subsidy, \$224 m. is to go to smallholders made up of thousands of rubber plots, of an average size of four acres, scattered all over Malaya. They produce about 250,000 acres of rubber a year, a substantial proportion of Malaya's total production of 570,000 tons.

The smallholders' money has been set aside, but a scheme has yet to be worked out. It is a difficult problem

HONGKONG HOUSING AND RENT CONTROL

It is regretted that in the article "Hongkong Housing and Rent Control", published in this Review of August 18, pp. 196-198, some misprints have occurred and they are herewith corrected:— On page 197, 2nd column, 4th paragraph, line 14, should read: "Building materials have gone up by 7 times to 9 times" (Not 7% to 9%). On page 198, col. 1, line 5, the words "Chief Tenancies:", should have preceded the sentence beginning "This is termed the first evil arising. . . ."

* All currency quoted in Hongkong dollars.

MALAYA'S IMPROVING PINEAPPLES INDUSTRY

Malaya, once the largest exporter of canned pineapples, has set out to destroy its pre-war reputation. The reputation was a bad one—of producing certainly the cheapest and often the nastiest canned pineapple on the market. But for the Japanese occupation, which saw many of the recently modernised canneries taken for scrap, the country would be already established in the high-class market. Today much of the canned fruit that leaves Singapore is as good as the best that money can buy, but some is not, and a semi-Government organisation is pushing hard to raise standards in an industry that brings millions of dollars to this country yearly.

Main competitors in marketing this luscious, spikey fruit are Australia and South Africa. The highly organised

for the small man. He cannot replant three per cent of his four acres, it is one acre or nothing. Often his family depends for cash income on its rubber and can ill afford to lose 25 per cent of the income for seven years. Whether the whole of their replanting costs will be repaid by the Government has yet to be decided.

There are other problems to be settled. It would be more economical in many ways if smallholders could group into co-operatives, and for them a better way might be to replant with another crop such as coconuts, coffee, pepper or a mixture of these crops. The need for all these problems to be thoroughly thrashed out now and decided once and for all has delayed a decision on the smallholdings.

When the \$560 m. has been spent, Malaya will still have dealt with only one of the many problems facing the industry. A new research programme is now being planned aimed at developing further uses for all rubber and publicising Malaya's natural rubber. There are no doubts about the importance of research in Malaya.

Work has also to be done on producing better processed rubber from the smallholding. The smallholders do not get a proper return when their rubber sells at a low price through bad processing, neither is the country as a whole gaining by it. One or two unsuccessful attempts have been made in this direction but a lot more work is needed.

There remains too the major problem of 'meeting the manufacturers' complaints. They say that synthetic is a "known" substance, tailor-made to their needs and always of the same consistency. On the other hand, even the higher grades of natural rubber vary widely, according to the manufacturer, resulting in manufacturing difficulties and variations in the product.

A little has already been done in this direction, and Malaya's own research laboratories ensure that about ten per cent of the rubber exported is "technically classified", its properties more narrowly defined than under the normal grading system. But within the industry there is a feeling that more precise classification is needed and that it is not good enough that only ten per cent of the rubber is classified into even broad categories.

The important point however is not that there are many problems to be overcome but that now the \$560 m. scheme has been launched Malaya is braced for a price and quality war if this should come. Second only to Indonesia in production, in another decade, when the vast replanting programme planned today begins to pay off, Malaya should be able to equal other producers in quantity and probably be superior in quality.

Hawaiian industry sells mainly to America. It is in the European market, where the "anything sells" days are past, that the Malayan growers and canners are meeting the toughest competition. But behind them is a cannery service which has made big strides in improving the pack and production, while agricultural scientists believe that they are on the threshold of a new era in pineapple production.

Canning pineapples started as a back street industry in Malaya 60 years ago, and grew until before the war it was the largest canning industry in the world. Eighty per cent of the imported pineapples in the world's shops came from Malaya. The industry was Malaya's third largest exporter.

Even pre-war the writing was on the wall. Canada placed a ban on imported Malayan pineapples because of unreliability and the "cheapest canned fruit of world commerce" was rightly selling at half the price of other competitors. But within a few months of controls being placed on quality, the price for the Malayan canned fruit rose 30 per cent.

Plantations destroyed, factories smashed, Malaya was slow to recover after the Japanese occupation. As late as 1950 valuable outlet in Sweden was closed when a small shipment of sub-standard fruit disgusted buyers. Five years in the post-war history of the canning industry is a long time, and today inspection and checks have resulted in a large proportion of the canned fruit being properly graded and of good quality. The industry's main difficulty is in living down its pre-war reputation. Much of the improvement has been brought about by the industry's own Pineapple Industrial Council, which produced a standard pack, introduced labelling which clearly showed the grade, put more modern machinery into factories and helped operate quotas which ensured that the less efficient factories do not grab too much of the business.

The canning side has already been greatly improved and Malaya is reaching a position of being able to elbow aside other country's products from the tea tables of Europe. Still being investigated are methods of producing better pines, and improved transport to the cannery. Scientists hope that they can soon produce a fruit tailor-made for the canneries and grown to the taste of the buyer. Much of the work is being done on 200 acres of peat land on a research station 30 miles from Kuala Lumpur, capital of the Federation of Malaya. Work has also started on a 300-acre station at the southern tip of the peninsular in Johore.

Scientists have pinned their hopes on utilising for pineapple growing Malaya's million acres of dusty brown peat, which is too loose to be used for fuel. The peat covers huge areas of the well-developed West coast of Malaya and cannot afford to be wasted in a country where, strangely, there is a shortage of first class agricultural land. Pineapple and peat seem to go together. A fierce crop, liable in places to cause soil erosion, pineapples thrive on the coastal soil. If smallholders and others could be persuaded to open up these peat areas, at present covered with virtually useless jungle, Malaya's production could be vastly increased. At the research station, scores of varieties of the Malayan pineapple are being tried out under different conditions. The most important of these investigations are the 64 different fertiliser trials now in progress on the peat soil. From these scientists hope to obtain valuable data on how to grow a fruit not only of the right size (about 5 lb), but also sweet tasting and

CHINA'S REVENUE & EXPENDITURE FOR 1954 AND BUDGET FOR 1955

1954 REVENUE & EXPENDITURE

In 1954, total revenue amounted to 30,745,830,000 yuan; actual receipts 26,236,830,000 yuan and surplus carried over 4,509 million yuan. The 1954 receipts represented 113.15 per cent of the budget estimate. In revenue, taxes accounted for 13,218,080,000 yuan (99.74 per cent of the estimate and 50.38 per cent of the actual receipts); receipts from state enterprises totalled 9,961,500,000 yuan (119.53 per cent of the estimate and 37.97 per cent of the actual receipts); from credits, loans, insurance and other sources 3,057,250,000 yuan (190.98 per cent of the estimate and 11.65 per cent of the actual receipts). Payments from state enterprises (including profits, depreciation funds and tax payments) made up 65.24 per cent of the total payments

from all sectors of the social economy. Income from credits, loans and insurance greatly exceeded the estimate because the income from government bonds was higher than the original plan by 236,130,000 yuan. There was also an addition to this revenue of the loan from U.S.S.R.

quick ripening. Other tests are made with hormones and with different spacings between rows.

Malaya's standard pine, the Singapore Spanish, is normally less juicy than the Sarawak pine used in other parts of the world. A change to Sarawak fruit would be an easy solution, except that the canneries are geared to the smaller Singapore variety. Selection experiments are also being made with a view to producing a good hybrid while other investigations are being carried out on ways of killing the mealy bug which caused great devastation in Hawaii. Agricultural experts are optimistic that in a short time they will be able to produce a smallholders' programme for getting good returns from peat cultivation. Running in tandem with the pineapple investigations are experiments on tobacco, coffee, derris and other crops which could be grown on peat in addition to pineapples to give the small farmer a balanced economy.

Most smallholders, who produce about half of Malaya's fruit, are making less than \$250 an acre from pineapples, when it is estimated that proper methods would boost their income to \$1,000. Many grow the fruit as a catch crop after clearing land for rubber and waiting for the rubber to come to maturity, a seven-year process. The smallholders may well be the backbone of the expanded pineapple industry. Preliminary investigations show that it may prove extremely difficult to put estate cultivation onto the same all-mechanical basis as Hawaii's industry. Light tractors, with double-tyred wheels, can prepare the land while sufficient space is left between the rows so that spraying and fertilising can be done mechanically. But other operations requiring heavier machinery, including harvesting by conveyor machines, have been found difficult on the soft peat soil. For the rest, there is not much that the scientists can do, but the industry is already considering better transport methods. In some parts co-operatives are helping to ensure a quick journey to the refinery but much fruit from the smallholder often takes a week to reach the cannery and is frequently in poor condition when it gets there. Crating is seldom done, but it is believed to be a necessity if good fruits are to be provided.

The progress made in the last five years promises well for the future of the industry which may yet retrieve its position as an export earner for Malaya. Both the Government and the industry fortunately saw at an early date that post-war competitive conditions, not yet fully developed, would have little room for the cheap and nasty. Today the industry has its eyes on the high grade market, and it intends to get there.

The actual expenditure was 24,632,440,000 yuan, or 98.74 per cent of the budget. Expenditure on economic construction amounted to 12,358,220,000 yuan, which was 109.15 per cent of the budget and 50.17 per cent of the actual expenditure. The total investment in capital construction registered an increase of 15 per cent over 1953. Capital construction in industry was 31 per cent higher and made up 48 per cent of the total capital construction in 1954. 33 major projects were completed. The total value of industrial output increased 17 per cent. There was an increase of 27 per cent in the output of the state industries. The proportion accounted for by the state sector in the total value of industrial output rose from 54 per cent to 59 per cent; that of the cooperative industry from 3.4 per cent to 3.8 per cent; that of joint state-private industry from 5.7 per cent to 12.3 per cent; and that of private industry fell from 36.8 per cent to 24.9 per cent. The proportion of the means of production rose from 41.2 per cent to 42.3 per cent, while the proportion of consumer goods dropped from 58.8 per cent to 57.7 per cent. Allocations for agriculture, forestry, water conservancy and meteorological services amounted in 1954 to 1,375,080,000 yuan. Relief for the rural areas, chiefly for the victims of natural calamities, came to 373,940,000 yuan; agricultural loans reached 932,780,000 yuan; and industrial raw materials and subsidiary products purchased from the peasants amounted to more than 6,000 million yuan. Agricultural output in 1954 failed to fulfil the target owing to natural calamities, and cotton output was lower than the previous year. The number of workers in state, cooperative and joint state-private industrial enterprises increased by some 500,000 and the total pay-roll of wages increased 19 per cent. Direct payments made by the five industrial ministries for workers' labour insurance, medical care, culture and education and welfare equivalent to about 16.4 per cent of the total amount paid out in wages. Expenditure on culture, education and social welfare amounted to 3,460,510,000 yuan (14.05 per cent of the actual expenditure). The number of students in the institutions of higher education reached 258,000 in 1954 (42,000 more than in 1953); in middle schools, 4,246,000 (617,000 more); and in primary schools, 51,190,000 (slightly less than in 1953). The total number of beds in hospitals under the Ministry of Public Health was 178,000 (22,000 more than in 1953). Expenditure on pensions and social relief amounted to 617,600,000 yuan. Investment in transport and communications in the national minority regions amounted to some 127 million yuan; expenditure on education about 96 million yuan, and public health 31 million yuan. Expenditure on national defence amounted to 5,813,530,000 yuan (23.6 per cent of the actual expenditure); state administration 2,162,070,000 yuan (8.78 per cent); credits, loans, insurance, and other expenditure 838,110,000 yuan (3.4 per cent).

The actual receipts for the year exceeded expenditure by 1,604,390,000 yuan. Adding the surpluses carried over from 1953 and previous years totalling 4,509 million yuan, the surplus for 1954 amounted to 6,113,390,000 yuan. Following disposal was made by the Ministry of Finance: 307,420,000 yuan transferred to the account of the revolving fund already being used for local budgets; 2,158,830,000 yuan repaid into the state bank, representing the sum overdrawn by the government; 504,400,000 yuan deposited in special accounts in the state bank and the balance of 3,142,740,000 yuan, carried over to 1955.

THE 1955 BUDGET

The 1955 budget strictly adheres to the principle of increasing production and practising strict economy with the purpose of accumulating fund for economic construction especially in heavy industries. Total revenue for 1955 comes to 31,192,520,000 yuan, of which 28,049,780,000 yuan represents the current year revenue and 3,142,740,000 yuan is the surplus from the previous year. The 1955 expenditure amounts to 29,736,720,000 yuan which includes 1,686,940,000 yuan of circulating capital allocated to state enterprises out of the surplus carried over from the preceding year. Total revenue exceeds total expenditure by 1,455,800,000 yuan. The current year revenue is 6.91 per cent higher than actual receipts in 1954 (actual increase being 6.55 per cent if loans from the U.S.S.R. and other items which cannot be compared are excluded) and the total expenditure is 20.72 per cent higher. Taxes from various sources total 13,780,570,000 yuan (49.13% of the current revenue and 4.26% over 1954). Industrial and commercial taxes make up 35.65% and agricultural taxes 9.98% of 1955 revenue. The quantity of public grain to be collected will be same as that for 1952. Revenue from state enterprises totals 11,115,810,000 yuan, making up 39.63 per cent of the revenue and representing an increase of 11.59 per cent over 1954. Credits, loans, insurance and other income total 3,153,400,000 yuan (11.24 per cent and an increase of 3.14 per cent). The main reason for the increase in income from credits and loans is that aside from the equipment turned over by Soviet Forces withdrawn from Port Arthur, U.S.S.R. also handed over much military material in the form of a loan. Compared with 1954, revenue from the state sector of the economy (including profits, depreciation funds, and taxes from various enterprises) rises from 65.24 per cent to 69.47 per cent; cooperative sector from 3.65 per cent to 4.77 per cent; joint state-private sector from 1.66 per cent to 1.98 per cent; while revenue from the peasantry (including the agricultural producers' cooperatives) drops from 14.23 per cent to 11.76 per cent; and private industry and commerce from 13.34 per cent to 10.7 per cent.

Funds allocated in 1955 for economic construction come to 14,188,760,000 yuan (exceeding 1954 by 14.81 per cent and accounting for 47.72 per cent of the total expenditure of the year). Out of this sum 6,388 million yuan goes to industry (45.02 per cent of the total for economic construction and 11.32 per cent higher than that for 1954). Out of the funds for industry, 5,698,070,000 yuan is for such heavy industries as power, coal, crude oil, metallurgical, chemical and machine-building industries (89.2 per cent); and 689,930,000 yuan for such light industries as the textile, paper-making, sugar, and salt industries (10.8 per cent). Allocations for agriculture, forestry, water conservancy and meteorological services total 1,312,210,000 yuan, making up 9.25 per cent of total for economic construction (4.57 per cent lower than that for the preceding year). Allocations for communications and transport total 2,145,730,000 yuan; 15.12 per cent of total for economic construction and 21.89 per cent over the figure for 1954. Allocations for commerce, food, and foreign trade departments total 2,844,630,000 yuan; 20.05 per cent of the total for economic construction and 61.51 per cent over the preceding year. In addition, allocations for stockpiling, municipal construction, investments in joint state-private enterprises, and other items of economic construction total 1,498,190,000 yuan, making up 10.56 per cent of the total for economic construction. Allocations for capital construction amount to 9,591,640,000 yuan or 32.26 per cent of the expenditure of the year. This represents a 10.43 per cent increase over last year.

The total value of industrial output for 1955 will be increased by 7.7 per cent over the previous year. The increase in output of government-controlled enterprises will be: electricity 19.3 per cent, coal 14.7 per cent, crude oil 31.6 per cent, pig iron 13.8 per cent, steel 18.3 per cent, cement 21.7 per cent, machine-made paper 8.9 per cent, sugar 17.8 per cent and salt 50.1 per cent. The total value of agricultural output and subsidiary rural production will increase by 6.4 per cent over 1954. The plan calls for an

yield of grain this year exceeding that of last year by 5.3 per cent, cotton by 20.6 per cent, cured tobacco by 38 per cent, and sugar cane by 16 per cent. Over 666,000 hectares of wasteland will be reclaimed this year, afforestation will be carried out on 1,200,000 hectares of land, reforestation in 40,400 hectares of felled timbering areas.

Allocations for railways will reach 1,433,640,000 yuan, representing an increase of 25.94 per cent over the previous year. 1061.9 kilometres of new lines will be laid. The total volume of railway freight transport will be increased by 9.4 per cent and that of passenger transport by 2.7 per cent. A total of 1,342.8 kilometres of highways will be built or reconstructed in 1955 and the total volume of freight carried by motor transport will be increased by 27.6 per cent over last year. The total volume of freight carried by coastwise shipping will exceed that of last year by 22.3 per cent.

Allocations for culture, education and social welfare amount to 3,850,690,000 yuan, accounting for 12.95 per cent of total 1955 expenditure. This represents an increase of 11.28 per cent over last year. The expenditure for cultural, educational and public health projects takes up 3,186,330,000 yuan. In 1955 institutions of higher education will enroll 91,100 new students, making up a total enrolment of 290,000, an increase of 12.4 per cent over last year; the middle schools will enroll 1,670,000 new students, bringing the total enrolment to 4,576,000, an increase of 7.77 per cent; primary schools will enroll 15,860,000 new students, making up a total enrolment of 55,020,000, an increase of 7.5 per cent. The number of hospital beds under the Ministry of Public Health will reach 199,000 in 1955, which represents an increase of 11.6 per cent over the previous year. Scientific research staff will be increased by 36.3 per cent in 1955. 169 films will be produced or dubbed into Chinese and 990,200,000 copies of books will be published. The budget sets down 2,241,560,000 yuan for state administration (7.54 per cent of the total expenditure and 1.24 per cent below 1954); 1,245,330,000 yuan for credits, loans, insurances and others (4.18 per cent of the total expenditure); and general reserve 1,017,230,000 yuan (3.42 per cent).

The above budget of revenue and expenditure is classified according to the nature of revenues and expenditures of the whole country including the budget of the Central Government and local budgets. Expenditure of the Central Government stands at 23,326,880,000 yuan (78.44 per cent of the total expenditure and 25.47 per cent above 1954) while local expenditure stands at 6,409,840,000 yuan (21.56 per cent and 6.1 per cent above 1954). Vice-Premier Li Hsien-nien in his budget speech at the People's Congress held recently in Peking admitted that there were still very serious shortcomings in the work of mobilising the masses, bringing latent power into full play, increasing output, practising rigid economy, perfecting systems of work, and fighting waste. In capital construction there has been serious waste. Capital construction projects completed in 1954 answered in the main the requirements of the country; but many projects were hardly of an urgent nature or rationally planned. Also the plans for quite a number of projects had to be altered in the middle of construction. Incorrect standard specifications were another serious defect in the planning for capital construction. As a result, the designing standards set for factories and railways were in general too high. Another important cause of waste lies in the over-estimation of the building costs. Serious losses and waste were also caused by the irresponsibility on the part of some personnel working on the projects, by the errors committed in the course of preparation for the launching of the projects, and by the poor organisation and maladministration in the course of construction.

In 1954, some enterprises failed to fulfil their schedules for costs of production. Many failed to fulfil their 1954 plan for turnover of circulating capital. Under-estimation of profits, over-estimation of costs of production, waste, losses and the lying idle of funds gravely hampered the accumulation of funds for socialist construction. All this shows that there are shortcomings not only in the manage-

CHINA'S FIVE-YEAR PLAN

China's First Five-Year Plan covers the period from 1953 to 1957. The work of drawing up the draft plan began in 1951, and after repeated supplementation and revision, was completed in February, 1955, two years after the plan had been put into operation. Li Fu-chun, Vice-Premier and Chairman of the State Planning Commission, explained that this was because China lacked the experience in drawing up long-term plans and construction work. Following are excerpts of the report on the 5-year plan made by Li Fu-chun at the recent National People's Congress in Peking:

The fundamental task of the First Five-Year Plan may be summarised as: to centre main efforts on industrial construction consisting of 694 major projects, the core of which are the 156 projects designed with the help of the Soviet Union; to develop agricultural producers' cooperatives and handicraft producers' cooperatives; and to incorporate capitalist industry and commerce, into various forms of state capitalism. The aim of the plan is to lay the groundwork for the socialist transformation of agriculture, industry, and commerce. During the five-year period, the total outlay for economic construction and cultural and educational development will amount to 76,640 million yuan or the equivalent value of more than 700 million ounces of gold. Of the total outlay for economic construction and cultural and educational development, 55.8 percent or 42,740 million yuan, is allocated for capital construction and is distributed as follows: industrial projects—24,850 million yuan (58.2%); agriculture, forestry and water conservancy—3,260 million yuan (7.6%); transport, posts and tele-communications—8,210 million yuan (19.2%); trade, banking and stockpiling—1,280 million yuan (3%); cultural, educational and public

health—3,080 million yuan (7.2%); municipal public utilities—1,600 million yuan (3.7%); and others—460 million yuan (1.1%). By the end of the 5-year period, 455 major industrial projects will be completed and there will be an increase in the productive capacity of various industries:

Industry	Projected Increase in Annual Capacity	Estimated Increase in The 5-Year Period
Pig Iron	5,750,000 tons	2,800,000 tons
Steel	6,100,000 tons	2,530,000 tons
Electric Power ..	4,060,000 Kw	2,050,000 Kw
Coal	93,100,000 tons	53,850,000 tons
Metallurgical & Mining Machinery ..	190,000 tons	70,000 tons
Power Generating Equipment ..	800,000 Kw	800,000 Kw
Motor Cars	90,000 units*	30,000 units**
Tractors	15,000 units†	
Chemical Fertilizer ..	910,000 tons	280,000 tons
Cement	3,600,000 tons	2,360,000 tons
Cotton Goods	1,890,000 spindles	1,650,000 spindles
Machine Processed Paper ..	186,000 tons	95,000 tons
Machine Processed Sugar	560,000 tons	428,000 tons

* Projected Annual Capacity

** Estimated Annual Capacity in the 5-Year Period

† Projected Annual Capacity in 1959

	Planned Output for 1957	Output for 1952
Steel	4,120,000 tons	1,350,000 tons
Electricity	15,900 million kilowatt-hours	7,260 million kilowatt-hours
Coal	113 million tons	63,530,000 tons
Generators	227,000 kilowatts	30,000 kilowatts
Electric Motors	1,050,000 "	640,000 "
Trucks	4,000 "	(not produced in 1952)
Cement	6 million tons	2.86 million tons
Machine Processed Paper	650,000 tons	370,000 tons
Cotton Piece Goods	163,720,000 bolts	111,630,000 bolts
Machine Processed Sugar	686,000 tons	249,000 tons

(Some of the figures given in the second table do not coincide with estimates listed in the first. No explanation was given.—Ed.)

ment of many enterprises, but also in the work of financial departments in examining and approving the profit schedules and in supervising the financial operations of these enterprises. There was also waste in cultural and educational undertakings. Aside from the waste in capital construction, there also existed inflated administrative staffs and a lack of strict control of equipment purchases in many institutions of higher education. Administrative expenditure also showed waste. There was overstaffing in government organs. Many enterprises failed to hand over profits and pay depreciation funds to the state on time. Many leading personnel did not pay enough attention to the education and struggle against corruption. Furthermore, many financial and economic agencies lacked stringent regulations for controlling state property. Consequently, there was recently a recurrence of corruption and theft of state property in many financial and economic agencies. Mr. Li therefore urged everyone to do everything possible to eliminate waste, increase state revenue, cut down state expenditure, augment the financial reserves of the state and speed up the accumulation of funds for socialist construction in order to guarantee the successful implementation of the 1955 budget.

The No. 1 Motor Car Plant, which will be completed during the period, will produce 30,000 trucks a year. The No. 2 Motor Car Plant, double the capacity of the No. 1 Plant, will also begin construction within the period. When the tractor plant is completed in the second five-year, China will be able to produce 15,000 54-horsepower tractors every year. When the two heavy machinery plants are completed, they will be able to equip every year one whole iron and steel combine having an annual capacity of 1,600,000 tons of steel with a complete set of iron smelting, steel-making, rolling mill and coke oven equipment. After the completion of all the plants making power generating equipment, China will be able to manufacture 12,000-kilowatt, 25,000-kilowatt and even 50,000-kilowatt power generating units. In all, 39 textile mills will be built during the period.

During 1953-1960, the Anshan Iron and Steel Combine will complete 48 major projects: 3 iron mines, 8 ore-dressing and sintering plants, 6 automatic blast furnaces, 3 modern steel-making plants, 16 rolling mills, 10 batteries of coke ovens, and 2 heat-resistant material shops. After the completion of these projects, the capacity of this iron and steel combine will be expanded to produce annually 2.5 million tons of pig iron, 3,220,000 tons of steel and 2,480,000 tons

of rolled steel. Its output of rolled steel, steel plates, sheets and tubes of various specifications will, on the whole, be able to meet the country's requirements in the manufacture of locomotives, steamers, motor cars, tractors, etc. Its annual output of rails of different specifications will be in sufficient quantity to lay more than 3,000 kilometres of railways. Construction will also be carried out on two new iron and steel combines in Wuhan and Paotow. Among the power plants to be constructed in the five-year period, are 15 thermal-power stations each having a capacity exceeding 50,000 kilowatts. The capacity of the Fengman Hydroelectric Station will reach more than 560,000 kilowatts. In coal mining, the enterprises to be built up during the period, include 31 which have each a designed capacity (counting in the original capacity) of producing more than one million tons of coal a year. Among these, the annual capacities of the five biggest mining enterprises will reach the following levels by 1957: Fushun mines—9,300,000 tons; Fusin mines—8,450,000 tons; Kailwan mines—9,680,000 tons; Tatung mines—6,450,000 tons; and Huainan mines—6,850,000 tons.

New trunk railways and branch lines to be built in the five-year period will total more than 4,000 kilometres. Including tracks to be restored and reconstructed, the total length of the rail network will be increased by some 10,000 kilometres. Highways to be built or rebuilt will reach 10,000 kilometres, 7,100 kilometres of which will be opened to traffic. New steamships to be added in the period will have a net tonnage of 400,000 tons. In agriculture and water conservancy, 91 new mechanised state farms and 194 new tractor stations will be set up; 13 big reservoirs will be built; and the dredging of waterways and repairing of dykes will involve 1,300 million cubic metres of earth and masonry work. In the harnessing of the Huai River, it is planned to build big reservoirs at Nanwan, Poshin, Futseling and Meishan capable of storing more than 3,800 million cubic metres of water. At the same time, flood-control work will be carried out on the main tributaries of the Huai River—the Hungho, Juho, Suiho and Peifei Rivers. The Kwanting Reservoir already completed in 1954, with a storage capacity of 2,300 million cubic metres of water, will play an important role in preventing floods on the lower reaches of the Yungting River. The harnessing of the Yellow River will begin during the period. The Yellow River flows for more than 4,800 kilometres through seven provinces, and its basin covers an area of 745,000 square kilometres. According to the plan dozens of dams will be built on its middle and lower reaches and on its main tributaries. Huge reservoirs capable of regulating the river flow and big hydroelectric stations will be erected at the Sanmen Gorge and four other sites. The Friendship State Farm built with direct Soviet assistance will play an important role as a pilot plant and pioneering venture in the mechanisation of agriculture in China. In the five-year period, the gross value of output of agriculture and subsidiary rural production is to go up by 23.3 per cent, averaging a 4.3 per cent rise annually. According to the plan, the planned output of staple farm products for 1957 and the expected percentages of increase over 1952 are as follows: grain—192.8 million tons (17.6%); cotton—1,635,000 tons (25.4%); jute and ambary hemp—365,000 tons (19.7%); cured tobacco—390,000 tons (76.6%); sugar-cane—13.15 million tons (85.1%); sugar-beet—2,135,000 tons (346.4%); oil-bearing crops—more than 7,866,000 hectares in terms of sown acreage (37.8%).

There will be considerable progress in the fields of culture, education and scientific research. Compared with 1952, the enrolment by 1957 follows: 127 per cent increase for institutions of higher learning, enrolling 434,000 students; 178 per cent increase for senior middle schools, enrolling 724,000 students; 78.6 per cent increase for junior middle schools, enrolling 3,983,000 students; 18 per cent increase for primary schools, enrolling 60,200,000 children, or over 70 per cent of the total number of the country's school-age children. During the period, there will be considerable expansion in scientific research. The number of people employed will be increased by 4.2 million and the average money-wages for factory and office workers will go up about 33 per cent; the funds disbursed by state enterprises and departments for Labour Insurance, medical care,

ECONOMIC REVIEW OF CHINA AND HONGKONG

FOOD AND AGRICULTURE IN 1955

A 'Tense Grain Situation' in China

At the end of April a spokesman for the Chinese Ministry of Food admitted that 'a tense grain situation' had arisen in rural areas, in other words that there is again a serious food shortage in China. There has been evidence for some time past of shortages in the cities and towns where food is already severely rationed. The position is now so serious that equally strict rationing is to be enforced in the countryside by reducing State grain sales and tightening up the system of planned purchasing. In a directive on the food situation it was stated that by proper application of the system of fixing quotas for production, purchase, and sale of grain, food marketing in rural areas might be reduced by 20, 30 or even 50 per cent. It is a measure of the serious state of affairs that this directive should have been issued jointly by the highest government and Party authorities—the State Council and the Central Committee of the Communist Party. A few days after the directive had been published came the inevitable reports from provincial authorities that grain sales by the state had fallen and were still falling.

Failure to Increase Production

Officially the shortage of foodgrains is attributed to increased purchases by the peasants; "many peasants who were not short or even had a surplus were blindly yelling about a shortage". While there may be some truth in this—peasants' grain consumption has probably risen in line with their increased production and purchasing power—the real explanation lies in the failure to achieve planned increases in grain output over the past two years.

welfare amenities and cultural and educational facilities for their personnel will total over 5,000 million yuan; housing built for factory and office workers at the expense of the state will cover 46 million square metres of floor space. The number of hospital beds will go up by 77 per cent and there will be 74 per cent more doctors. The services of physicians of the Chinese traditional school will be more fully utilised.

Many of the important construction projects started in the first five-year will have to be completed in the second five-year. As regards industry, by the close of the first five-year the machine-building industry will not be capable of satisfying the needs of technological reconstruction in all branches of the national economy. A radical improvement cannot yet be effected in certain industrial departments such as the petroleum industry. In agriculture, large-scale reconstruction of agriculture on a new technical base will not yet have begun, and the lag of agriculture behind industry will not yet have been completely overcome. Only the first step will have been taken in the process of socialist transformation of the capitalist economy, a process which will take a long time to complete. In the sphere of culture, the level of sciences and technology will still fall behind the requirements of the development of the national economy; the educational level of the broad masses of people will not yet be a high one; and there will still be large numbers of illiterates. In addition, it will still be impossible to completely eliminate unemployment. To solve all these problems will require continued efforts in the period of the second and the third five-year plan.

Targets for 1955

Higher agricultural production targets set for 1955. If met, should ease the situation. This year China plans to grow 6 per cent or 10 million metric tons more food than in 1954 and 20 per cent or 225,000 tons more cotton, bringing total production to about 177 million tons and 1.35 million tons respectively. Incidentally, it is now reported that cotton output did not increase in 1954; at about 1.125 million tons it was lower than in any year since 1951 and the shortage of cotton is even worse than the shortage of grain.

Provided that there is no repetition of last year's floods, the 1955 targets should be reached, chiefly owing to more extensive double cropping, more cultivation of waste land, and more small-scale water conservancy and irrigation projects. The government is also hoping for higher output by the 400,000 to 500,000 newly-formed co-operatives; the majority of the 100,000 'old' co-operatives formed in the winter of 1953/54 are reported to have increased output by 15 to 20 per cent as compared with individual peasants. It believes that there are considerable potentialities for higher production by individual peasants through increased labour productivity, the planting of high-yielding crops such as corn or potatoes and better use of the limited funds available for investment in agriculture. Rural cadres have been warned that nothing must be allowed to stand in the way of higher production and the government has even introduced direct incentives for cotton-growers by way of special allocations of food and cloth.

Difficulties in Agriculture Will Persist

The Communists are well aware that even if the planned increases in agriculture are achieved, agricultural output will still be insufficient to meet the growth in demand. They are equally aware that production cannot be increased more rapidly. In a lengthy report last March the Minister of Agriculture analysed the causes of previous failures and the continuing difficulties in the way of raising production. Natural calamities reduced food output by 5 million metric tons below what it would otherwise have been in 1953 and 12.5 million tons in 1954; they are expected to affect output, though less seriously, in some areas every year for many years to come. Since the State's financial resources are limited, large-scale land reclamation cannot be undertaken within the next few years so that only relatively small increases in the acreage under crops are possible during the current five year plan period. The supply of materials for agriculture, especially chemical fertilisers, is inadequate and cannot be rapidly increased. There are not enough farm tools to go round; only 400,000 sets of modern animal-drawn

farm implements can be distributed to the peasants this year though by 1957 the supply will have risen to between 1.5 and 1.8 million. Rural cadres have done their work badly, and have not approached agricultural questions in a sufficiently practical spirit.

Agricultural Organisation and Peasant Hostility

The Minister had some illuminating things to say about the development of agricultural producer co-operatives. More than 85 per cent of the peasants are engaged in scattered, small-scale production incompatible with large increases in agricultural output but, he admitted, the socialist reform of agriculture which provides a basis for more efficient farming is bound to have, temporarily, an adverse effect on production. (In view of the claims made as to 15 per cent increases in output during 1954 by co-operatives formed in 1953/54 this statement is rather surprising. It may only refer to the first few months of a co-operatives existence). The work of consolidating the co-operatives formed during the autumn and winter was not properly carried out. The peasants were unsettled, preparations for spring cultivation were consequently inadequate and 'there were even some cases of wanton slaughter of draught animals'. It would be easy to make too much of this remembering what happened in Russia. Things in China are nothing like as bad nor are they likely to be since the Chinese are going about the socialisation of agriculture more cautiously. Besides there is no reason to doubt their claim that over a period of years the co-operatives are proving successful. But peasant hostility must be taken into account as one of the obstacles in the way of raising agricultural output. None of these problems can be quickly solved; the Communists have clearly abandoned the idea of raising production speedily enough. They will therefore have to rely more and more during the next few years on restraining individual consumption, simply to keep pace with the growth in population.

CAPITAL CONSTRUCTION AND INDUSTRIAL PRODUCTION

Revising the Five Year Plan

Agricultural weaknesses have made necessary another extensive revision of the Five Year Plan. It was discussed by a national conference of the Chinese Communist Party this spring, passed to the Central Committee for revision and will be presented in its new form to the meeting of the National People's Congress in July. The revision probably provides for still greater emphasis on heavy industry. In its leading article commenting on the Party's discussion of the plan, the Peking People's Daily said that while all sectors of the economy were backward and required to be developed, emphasis must be laid on the development of heavy industry. Finance was limited and there was no purpose in spreading investment evenly throughout the economy. It has of course said the same sort of thing before but not quite so definitely.

The shift in emphasis probably implies a curtailing of development work in other sectors of the economy in order to divert scarce resources to basic industries, rather than any larger plans for heavy industry. The Peking People's Daily referred to 694 major industrial projects in the plan whereas Chou En-lai in his report last summer mentioned only 600 but this is the only evidence for an increase in the 5 year programme of industrial development. Against this must be set the facts that China cannot secure additional resources for development from agriculture, the construc-

tion work is behind schedule, that production targets for heavy industry have not apparently been increased and that references to the development of light industry and other sectors of the economy are fewer and further between than in previous years, which confirm the supposition that development of heavy industry is being maintained at the level originally planned at the expense of investment in other sectors of the economy.

Higher Investment and More Capital Construction in 1955

In 1953 only 86.9 per cent of the basic construction investment plan was fulfilled, in 1954 92.4 per cent. Altogether about a quarter of the five year construction plan for enterprises under the Ministry of Heavy Industry has been completed so far and the position is probably similar as regards enterprises under the other Ministries in charge of basic industries. Despite proposals that, in view of the difficulties and failures of the past two years, construction plans for 1955 should be cut, investment in heavy industry is to be sharply increased this year and the rate of development work stepped up to catch up on the plan.

Percentage Increases in State Investment in Capital Construction 1955 compared with 1954

All basic construction	....	+ 30	Engineering*	.....	+ 40
Coal	.....	+ 50	Hydro-electric power	....	+ 66
Oil	.....	+ 44	Anshan (iron & steel)	....	+ 48

* Enterprises under 1st Ministry of Machine Building.

The actual volume of factory construction will be 79 per cent above 1954 and of reconstruction 38 per cent above. These increases will be secured chiefly through greater mechanization of building operations. Although more building machinery was provided last year, the rate of utilization was so poor that it had little effect on construction work.

Priorities in Development: I Fuel and Power

In the coal industry as in building, mechanisation is to play a greater part this year. There are reported to be about 20,000 coal combines, cutting machines, electric drills et cetera already in use in state collieries. New and reconstructed collieries with a capacity equal to 20 per cent of the total output of state coalmines in 1954 will come into production in 1955. Production in state-owned collieries is to rise by 14 per cent. Among major centres of development are the Hokang colliery, north of the Sungari River in Manchuria, the Tsiaotso mines in central China and the Mentowkow mines near Peking. Work will begin on designing mines at the newly discovered coalfields in Sinkiang and Kansu which will supply the Sinkiang and Lanchow-Paotow railways now being built. The search for new sources of coking coal and oil is being intensified. The oil industry is developing existing fields and claims to have discovered a new oilfield south west of Sining. Output of crude oil is to be increased by 34 per cent; in 1954 it rose by 54 per cent. Extensive prospecting is being carried out in the Tsaidam basin, Sinkiang, Szechwan and round Yumen.

Large thermal electric power plants in the 1955 plan include those at Tsiaotso, Shihchiachuang, Kiamusze, Lanchow, Taiyuan and the recently completed Chengtu plant. Generating capacity will be increased by two thirds in the main industrial centres of N.E. China during the year and by 20 per cent in the country as a whole, against 16 per cent in 1954. Six important hydro-electric plants are being built or expanded—on the Kwangting Reservoir near Peking where the first hydro-turbine generator made in China will be installed, and at Chungking, Yaan, Futseling, Meishan and Urumchi. A start is being made on power development in Tibet where a hydro-electric station will be built near Lhasa and a steam plant at Shigatse.

Priorities in Development: II Engineering

Development of fuel and power has first priority this year because the fuel and power shortage which has hampered industrial expansion ever since 1949 still exists. Machine building comes second on the list. The main centres of development are Mukden, Harbin and Dairen in Manchuria, Taiyuan and Tating in Shensi. Four important projects due to be completed this year are the Harbin electrical machinery plant, the Mukden precision tool plant, a silicon carbide plant in Shantung and the motor car plant. Among entirely new plants are a locomotive and coach factory at Tating to supply rolling stock for the new railways in northern and north western China, an oil machinery plant and a mining machinery plant. The 1st Ministry of Machine Building has made a brisk start on construction work; it reports that 58 per cent more was done in the first quarter of 1955 than in the same months of 1954.

In our last report we referred to the Peking People's Daily's criticism of the work of medium and small engineering plants in 1954. In order that they shall contribute as much as possible to China's development this year, a third Ministry of Machine Building has been created to guide the work of local state enterprises, joint state private companies and private firms in the engineering field. Local state factories have a particularly important role to play since they are almost entirely responsible for the production of farm machinery.

More Pig Iron, Steel and Cement

There are fewer reports of expansion in other basic industries, most of which come under the Ministry of Heavy Industry. Projects to be completed in the iron and steel industry will raise output of pig iron by nearly 10 per cent above the present level, of open-hearth steel by 20 per cent and of coke by more than 25 per cent. Allowing for increased production from existing enterprises, this should permit a very big increase in production during 1956, considerably more than the increases of between 15 and 25 per cent achieved in previous years. Most of the work will be done at Anshan but the Taiyuan iron and steel works are being expanded and a new German rolling mill is to be delivered to the Tayeh steelworks.

Cement production capacity will be increased by 7 per cent during 1955. Production is to be increased by 23 per cent, that is to between 5.25 and 6 million metric tons. Output will have nearly doubled in three years. At least six cement plants are being built or reconstructed, at Harbin, Penki, Tating, in Kansu probably near Lanchow, in Sinkiang probably near Urumchi, and at Foochow.

Chemicals Still Lag Behind

Development of the chemical industry is still on a very modest scale; two thirds of all state investment in chemicals will be devoted to the fertiliser industry. The only really large project is the expansion of the Dairen chemical plant. Production targets too are modest, remembering the small size of the Chinese chemical industry. Against increases last year of about 40 per cent, basic chemicals output in 1955 is to be raised by only 18 per cent; output of chemical fertilisers which last year rose 33 per cent will increase by only 1 per cent.

Raw Material Shortage in Light Industry

Fairly extensive development work continues in the cotton textile, sugar and paper industries where a number of new plants are being built. No production target has been published for cotton textiles or sugar but paper output is to be increased by 9 per cent, probably to about 530,000 tons. Production of penicillin will increase by 2 million vials and

of phenacetin by 10 tons. These targets were quoted in a report on a conference held by the Ministry of Light Industry in Peking this spring. The conference decided that efforts in 1955 should be directed to increasing production of all commodities for which adequate raw material supplies are available. Since light industry, including the textile industry, depends to a very great extent on four of the five raw materials—copper, rubber, wheat, cotton and oilseeds—that all consumers are constantly urged to save because there is a serious shortage, the Ministry's efforts are not likely to be very fruitful.

FOREIGN TRADE

Trade Negotiations with Eastern Europe Completed

During the last three months, China has rounded off its arrangements for trade with the Soviet bloc in 1955 by signing agreements with Poland, Eastern Germany, Czechoslovakia and Hungary. China is sending all these countries its usual range of agricultural products and minerals in return for machinery, electrical equipment, steel, metal products, vehicles and chemicals. There are two interesting features about these agreements. The first is that Poland, Eastern Germany and Czechoslovakia are, like the U.S.S.R., to send China complete sets of equipment for various factories. There have already been reports of German and Polish designed and equipped sugar mills being built in Manchuria and complete German power plants being built for China. Poland is also to provide special assistance in harbour construction. The second point of interest is that in its rather bald reports of the signing of the various trade agreements, the New China News Agency made no mention of prospective increases in trade as it has invariably done in previous years. This suggests that the East European countries cannot increase their exports to China above the level of the second half of last year, cannot in fact increase them to the level desired by the Chinese. The only member of the Soviet bloc which is sending more to China this year is the Soviet Union itself. For any additional imports, other than Russian supplies for heavy industry, China must look more to the West.

Chinese Policy: The Embargo

This interpretation of China's trade position is borne out by the reports of a real desire on China's part to do more trade with Western Europe. The most recent of these on the non-Communist side were the statements on Chinese trade prospects by the Chairman of two of the biggest Eastern exchange banks. The Chairman of the Chartered Bank in his annual report spoke of the Chinese desire for the Bank's participation in China's foreign trade, and the Chairman of the Hongkong and Shanghai Banking Corporation said that the potentialities of trade with China were 'as great as they have been for over a hundred years'. Still more significant are reports from British businessmen that China is prepared to divert trade from the Soviet Bloc to Western Europe. Last December, the Chinese offered to restrict sales of Chinese produce in Eastern Europe to the level of domestic consumption in that area if any firm or group of firms could undertake to make a bid for the whole of the remaining exportable surplus. They also made it clear that if necessary they would further reduce domestic consumption of certain goods in order to increase exports. The last British mission to visit China, in April, discussed the possibility of sending technicians to China if and when trade increased and a Chinese technical group lately visited French steelworks, presumably with an eye to the future.

One condition must be fulfilled before there can be any substantial increase in West European trade with China;

the Chinese insist that the embargo must go. Until the Chinese can freely purchase the machinery and other strategic goods they require for heavy industry from the West, they must perforce continue to do the bulk of their trade with the Soviet bloc. And even an end to the embargo would not mean a reversion to the pre-1951 pattern when only a quarter of China's trade was with the Soviet bloc; but it would mean a much larger western share than the present 20 per cent of China's growing trade.

Failure in Japan

An example of China's trade policy in action can be found in the recent negotiations with Japan. The Chinese mission went all out to secure some sort of Japanese government recognition of their status, endeavouring to transform negotiations for an unofficial trade agreement with a group of Japan businessmen into an agreement officially guaranteed, if not negotiated, by the Japanese Ministry of Trade. In particular the Chinese sought a Government guarantee for a payments agreement providing for trade accounts to be settled through the Central Banks of both countries, diplomatic status for a Chinese trade mission in Tokyo, and a Japanese promise to secure relaxation of the COCOM embargo or to break it. The Japanese almost fell over backwards in their efforts to find a workable compromise but they stood firm on their refusal to accord anything that could look like official recognition to the Chinese.

The New Sino-Japanese Trade Agreement

In the end, after long drawn-out negotiations, the new Sino-Japanese trade agreement, signed by nominally unofficial bodies on both sides, does not look very different from previous Sino-Japanese agreements. Payments will as before be settled in sterling but both sides will try to persuade their respective Central Banks to conclude an official payments agreement. Both parties will endeavour to persuade their governments to conduct trade negotiations at the earliest opportunity. Unofficial Chinese and Japanese trade missions will be exchanged and the two sides will hold trade fairs in each other's countries, the Chinese during 1955, the Japanese in the spring of 1956.

The agreement which expired last March provided for trade of £30 million (\$84 million) each way; in fact China exported \$71 million worth of goods to Japan under the agreement and Japan only \$19 million worth, \$13 million being chemicals. The new agreement is expected to come nearer fulfilment, possibly as much as \$50 million each way, but will still fall short of the level provided for which is again \$84 million each way since some of the goods covered fall under the COCOM embargo. The commodities involved are divided into three classes. Japanese exports in Class A which should account for 35 per cent of Japanese sales include machinery, heavy transport equipment, iron and steel, copper and aluminium. In return for these goods China is prepared to export iron and manganese ore, pig iron, coal and soya beans. In Class B, covering 40 per cent of trade under the agreement, Japanese exports include chemicals and fertilizers, road vehicles, light machinery and chemical fibres in return for rice, salt, magnesite and other minerals, wool, tobacco and hemp. Class C, accounting for 25 per cent, includes on the Japanese side typewriters, bicycles, sewing machines, tools, cotton and woollen cloth, paper and various minor products, on the Chinese graphite, gypsum, pigskin, carpets, cotton waste and China produce. The bulk of Japan's exports under the agreement will probably consist, as before, of items in Class B not falling under the embargo.

Trade Drive in South East Asia Continues

China's efforts to increase trade with South East Asia continue. It is sufficiently anxious for an expansion in trade

to export much-needed equipment to Burma. Trade contracts signed by the Burmese in Peking last March provide for Chinese exports of complete sets of textile machinery, steel plate, iron piping, cotton yarn, newsprint, glass, woollen blankets, sanitary equipment, hospital beds and silk. Trade with India is increasing as a result of the agreement signed last year. Indian exports to China rose from \$1 million worth in the first nine months of 1954 to \$3.7 million in the full year against \$2.5 million in the whole of 1953. Indian exports were valued at \$2.2 million in 1954 against \$1.9 million in 1953. They have risen much more this year owing to heavy Chinese purchases of jute goods. The Chinese claim that total transactions with India in the first three months of 1955 were worth more than £3.6 million (\$10.1 million). Indonesian trade with China also rose in 1954. There are more reports of exports of Chinese manufactures—sewing machines, radio receivers, paper, iron wire nails, window glass and cotton textiles—to Hongkong and Singapore.

Rise in Imports During the Second Half of 1954

There is little to report about actual Chinese trade with the West save a slight increase in West European exports, both direct and through Hongkong, to China during the second half of 1954, though not as yet a return to the level of the first half of 1953, when trade was at its most brisk since 1951.

Exports from Western Europe and Hongkong to China

(in million U.S.\$)

	1953		1954	
	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Austria *	0	0	0.2	1.1
Belgium/Luxembourg	1.2	0.2	0.2	0.3
France *	9.6	2.7	5.4	3.3
Western Germany	13.7	11.3	8.0	13.5
Hongkong	63.7	30.8	31.9	36.5
Italy *	3.8	0.9	3.6	2.6
Netherlands	2.6	1.3	0.4	0.6
Sweden	2.8	0.4	0.2	0.5
Switzerland **	15.6	10.8	10.0	13.2
United Kingdom	8.7	8.8	8.2	11.2
Total of above	121.2	67.2	68.1	82.8

* Including Formosa.

** Including Formosa and Hongkong.

The pattern of Chinese exports is more varied with higher sales to Austria, France, Western Germany, Hongkong, Italy and the United Kingdom offset by lower sales to other European countries and elsewhere.

British trade figures for the first three months of 1955 foreshadow a further increase in Chinese imports from the West. British exports to China, chiefly wooltops and chemicals, amounted to \$6.5 million from January to March, nearly double the figure for the same months of 1954. The stream of trade missions which visited China last year is bound to result in rather more trade in 1955. However, Hongkong's exports to China are falling again; they were only \$14.6 million in the first quarter of 1955 against \$19.1 million in the last three months of 1954. Chinese trade with the free world is increasing but not very rapidly.

FORMOSA

\$12.6 million Trade Deficit in 1954

The deterioration in Formosa's trade balance during the second half of 1954, resulting from a fall in exports of rice and sugar, gave rise to a deficit of \$12.6 million over the year as a whole. This is the first time since 1949, when the Nationalists fled to Formosa, that the island's trade, exclusive of aid-financed imports, has been in deficit.

Foreign Trade of Formosa
 (in '000 U.S.\$)

	1951	1952	1953	1954
Exports	93,135	119,527	129,790	97,755
Imports	84,139	115,225	100,569	110,217
Balance	+8,816	+4,302	+29,221	-12,562
U.S. Aid Imports	54,005	73,486	59,406	65,715

Lower Imports and Higher Prices

To meet this situation, import exchange allocations were sharply reduced last autumn. The value of total imports, which averaged \$16 million monthly from July to November 1954, fell to \$10.8 million in December and, owing to smaller aid shipments, to \$6.8 million in January of this year, the latest month for which trade figures are available. Lower import allocations, together with rumours of a revision of exchange rates and the evacuation of the Tachen islands, set off a sharp rise in the wholesale prices of imported goods which coincided with an increase in the price of domestically-produced rice caused by fears of drought. The index of wholesale prices in Taipei (1949 = 100), which had fallen fairly steadily from last April to October when it stood at 591.8, rose to 667.1 in March 1955 and the retail price index (1949 = 100) from 497.2 in December to 543.5. 1955 has in fact started badly but the lessening of political tension and new trade rules should exert a steadying influence on prices from now onwards.

Exchange Certificate System Introduced

Last March, the government introduced new foreign exchange regulations designed to stimulate the export of minor commodities and still further restrict the import of non-essential goods, thus restoring the balance of trade. The new regulations do not affect foreign exchange transactions of government agencies, exports of sugar, other than brown sugar, rice, salt and petroleum products or imports by monopolistic public enterprises, for industrial reconstruction and of necessities such as cotton, wheat, soya beans, crude oil and fertilisers. The Bank of China's buying rate for exchange earned in such transactions remains at N.T.\$15.55 per U.S.\$, the selling rate at N.T.\$15.65 per U.S.\$. Exporters of other commodities will receive foreign exchange certificates up to a fixed percentage of the value of the goods exported. Exchange certificates will also be issued against inward remittances of foreign exchange. Importers and those remitting money overseas must purchase exchange certificates to the value of the foreign exchange required from the Bank of China. The authorities intend to maintain a fixed rate for exchange certificates, initially fixed at N.T.\$6 per U.S.\$, making the effective rate of exchange for non-essential imports N.T.\$21.65 per U.S\$.

A Foreign Exchange and Foreign Trade Control Commission has been established to supervise the certificate system. It has been given a general authority to formulate policy concerning foreign exchange and trade, to screen the use of foreign exchange and to co-ordinate aid imports with ordinary imports. It will allocate import exchange not as previously on the basis of past performance but according to a list of priorities, the most important being that the currency requested is not a scarce currency and that the import price is the lowest compatible with quality. The effect of these measures in reducing imports is likely to be reinforced by growing industrial production which will reduce demand for imported manufactures.

New Trade Agreement with Japan

The trade agreement with Japan signed in April provides for a level of trade between the two countries some \$40 million higher than under the agreement which expired last

March. If fully carried out, it will actually increase trade by some \$60 million since trade in 1954/5 was below the agreed level. According to the Bank of Japan, Japanese exports to Formosa during the twelve months ending 31st March, 1955 amounted to \$65 million, exports from Formosa to Japan to \$63.5 million.

The new agreement envisages higher Formosan deliveries of sugar and rice, higher Japanese deliveries of fertilisers and capital goods and smaller textile deliveries.

Main Commodities in the Formosan-Japanese Trade Agreements
 (in million U.S.\$)

Japanese Exports	1954/5	1955/6
Fertilisers	11.0	20.3
Textiles	8.0	5.0
Machinery, vehicles & parts	12.0	16.0
Iron & steel prods.	5.5	10.2
Total incl. others	74.5	94.0
Formosan Exports	1954/5	1955/6
Raw sugar	36.0	44.8
Rice	15.0	25.0
Bananas	4.5	4.5
Salt	2.0	2.0
Total incl. others	74.5	94.0

Formosa has also renewed its \$20 million barter trade agreements with France which is extended indefinitely. Little trade was done under last year's agreement.

HONGKONG
Signs of the Times in the Budget: Heavier Expenditure

Last year the budget estimates showed a deficit, of HK\$24 million, for the first time since 1949/50. In the event, revenue exceeded estimates by nearly HK\$35 million while expenditure fell short by HK\$10 million so that there was a surplus of HK\$22 million. In the budget for 1955/56, introduced last March, the deficit is raised to HK\$32 million to meet expenditure HK\$62 million above the 1954/5 figure. This increase is almost entirely due to the doubling of capital outlays on public works.

Hongkong's Budget
 (in million HK\$)

	1952/3 Actual	1953/4 Actual	1954/5 Revised Estimate	1955/6 Budget
Revenue	485	397	406	414
Expenditure	412	355	384	446
of which non-recurrent public works	37	31	50	105
Balance	+73	+42	+22	-32

Taxation remains unchanged this year. The deficit will be met from the accumulated surpluses of past years, now equivalent to nearly a year's revenue. However, both the Governor and the Financial Secretary in their speeches on the budget warned their listeners that taxation might have to be increased in future years, statements which came in for some severe criticism by three out of the four unofficial members of the legislative council.

Pressure of Population: Official Assistance to Industry

There are two reasons behind the increase in capital expenditure which are pointers to the future course of

affairs in Hongkong. The first is that the Colony's rapidly growing population requires ever higher outlays on services—water, housing, schools and hospitals. In a broadcast on the budget, the Financial Secretary pointed out that, quite apart from immigration, the colony's population is increasing at the rate of about 60,000 annually, that is about 2.5 per cent. Hongkong is beset by the familiar Asian problem of a too rapidly growing population associated with unemployment and underemployment. The second factor is the government's decision to support and assist industrial development, both as a source of employment and to offset the decline in trade. Capital expenditure on land-reclamation to provide cheap industrial sites is a major item in public works expenditure. The government have, however, once again made it clear that no form of direct protection or subsidy can be given to industry.

Industrial Expansion Continues

Meanwhile, the expansion of local industrial capacity continues rapidly. Among factories which came into production during the past few months are plants producing radio batteries (a new product for Hongkong), ceiling fans, knitting needles, pearl buttons, cigarette lighters and marine diesel engines. The capacity of Hongkong's cotton textile, enamelware and torch industries is still growing in spite of the difficulties experienced by all three in export markets. New plants planned or under construction will produce air conditioning equipment and metal windows.

An analysis of Hongkong's trade last year shows that the increase in the total value of local manufactures exported was achieved in the teeth of lower export prices. The prices of all the principal local manufactures exported, save certain types of grey cotton fabrics and sheetings,

fell by anything between 2 and 25 per cent as compared with 1953. The volume of goods exported increased by much more except in the case of preserved fruits, cotton yarn and certain piecegoods, cigarettes, towels, iron and steel, torch batteries and leather footwear. The reason for Hongkong industry's success in export markets is to be found in its combination of efficiency with very low wage rates which permit of low prices. It has increased its sales so rapidly in certain Commonwealth markets, notably Britain, that local manufacturers of cotton textiles and other consumer goods are demanding protection. Exports of local manufactures in the first quarter of 1955 were valued at HK \$173 against HK \$166 million in the same months of 1954; a fall in exports to Indonesia, formerly the chief market for local goods, from HK \$52 million to HK \$19 million was more than offset by larger sales to other markets. Exports to Britain showed the biggest increase, rising from HK \$15 million in the first quarter of 1954 to HK \$34 million.

Trade Trends Unchanged

While the total value of imports was practically unchanged in the first quarter of 1955, exports fell below the level of the previous two quarters. At HK \$604 million they were still above the figure for the same period of 1954 when exports amounted to HK \$583 million. Among Hongkong's major Asian trading partners, Malaya, Japan, South Korea and the Philippines imported slightly more than in the first three months of 1954 but exports to China and Indonesia were well below last year's level. Exports to other areas on the whole increased. On the import side the most notable changes were a sharp increase in imports from the U.S.A., China and Japan. But there is still no prospect of a general improvement in the level of trade.

ECONOMIC DEVELOPMENT OF TAIWAN

Beginning from 1953, a four-year economic development plan was introduced. Its aim is two-fold: to achieve self-sufficiency and to promote exports. To this end, agricultural, industrial and mining productions have been expanded, the use of electric power extended, and transportation facilities improved. In respect of agriculture, attention is being given to increase the output of staple products such as rice and sugar and other products, while the economical use and protection of forests, the expansion of deep-sea fishery and improvements in livestock raising are also emphasized. In respect of industry, consideration is being given to attain a balance among the various industries developed and a few key industries are given special attention. Attention is also paid to the improvement in productive equipments, and technical knowledge. The aim is to make use of the most modern methods to attain the highest productive efficiency, so that not only the output is increased, but the quality of the products is also improved. The four-year plan which is now in operation has a bright future for the industries and commerce in Free China.

Recent Achievements in the Industries &
Commerce in Free China

A. Agriculture		Output in 1945	Output in 1954
Paddy Rice	638,829 M.T.	1,695,107 M.T.	
Banana	32,153 M.T.	108,507 M.T.	
Pineapple	17,522 M.T.	61,766 M.T.	
		Acreage in 1945	Acreage in 1954
Sugarcane Area	107,676 hectares	96,396 hectares	
B. Industry and Mining		Output in 1945	Output in 1954
Refined Sugar	323,594 M.T.	722,573 M.T.	
Chemical Fertilizers	400 M.T.	188,233 M.T.	
Cement	78,620 M.T.	536,416 M.T.	
Aluminium	12,204 M.T.	11,699 M.T.	
Iron Sheet	—	6,933 M.T.	
Paper	4,375 M.T.	52,840 M.T.	
Caustic Soda	439 M.T.	14,151 M.T.	
Cotton Yarn	150 M.T.	23,012 M.T.	
Cotton Cloth	1,016,000 meters	164,678,000 meters	
Gasoline	2,483 K.L.	137,097 K.L.	
Salt	67,752 M.T.	368,528 M.T.	
C. Electricity	84,080 kw.	387,359 kw.	
D. Irrigation			
Dikes Constructed	419,153 meters	477,137 metres	
Irrigated Area	568,106 hectares	652,638 hectares	

The above are only the main items, not including the other industries, such as the chemical industry which now has more than 1,000 factories and workshops, or the metal industry which now has over 300 establishments, or the machinery factories which number over 1,000. Food processing industries are even more numerous.

Satisfactory progress has been made in Free China's foreign trade in recent years. The following figures will illustrate this.

Year	Total import & export exchange settlement	Import exchange settlement	Export exchange settlement
1950	US\$205,237,000	US\$112,163,000	US\$ 93,074,000
1951	234,075,000	140,940,000	93,135,000
1952	323,814,000	204,287,000	119,527,000
1953	314,366,000	184,576,000	129,790,000
1954	295,812,000	198,057,000	97,755,000

It should be noted that the above figures of imports include the amounts of U.S. aid imports.

The principal import and export commodities of 1954 are listed below:

Principal commodities of export	Export value
Sugar	US\$68,636,000
Tea	9,441,000
Rice	7,844,000
Banana	4,731,000
Pineapple, canned	3,963,000
Citronella oil	2,712,000
Salt	1,867,000
Coal	1,368,000
Mining products	1,170,000
Principal commodities of import	Import value
Machinery	US\$24,361,000
Metal products	21,873,000
Chemicals	21,144,000
Cotton	20,777,000
Wheat and grains	17,289,000
Soy bean	14,288,000
Crude oil	10,028,000
Pharmaceuticals	7,352,000
Vehicles, vessels, and parts	5,789,000

Free China is trading with all parts of the world except the Communist occupied countries. Although the volume of trade with some parts of the world is still rather small, yet the prospect of trade expansion is bright. The principal trading countries with Free China in 1954 are as follows:

Country	Percentage to Taiwan Imports	Percentage to Taiwan Exports
Japan	55.72%	50.83%
U.S.A.	16.76%	5.37%
Hongkong	5.02%	8.06%
Britain	3.62%	2.86%
Arabian Countries	2.48%	2.48%
Singapore, Malaya etc.	2.43%	2.96%
India	0.54%	7.79%

To induce foreign and overseas China investments into Free China, the Government is always trying to improve the investment climate. The tax laws have been revised. Interest rates of the banks have been lowered. U.S. aids have also been used to assist such investment. The handling of applications for such investments is being much speeded up. For this purpose, a Committee for Screening Applications of Foreign and Overseas Chinese Investments has been set up under the Ministry of Economic Affairs.

The laws relevant to the overseas Chinese investments are the Regulations of Overseas Chinese Investment and the Regulations for Screening Applications of Overseas Chinese Investments. Up to April of this year, 46 cases have been approved on applications for investments by overseas Chinese, 31 of them having completed the erection of their factories and already in production. The other 15 are still in the process of building their factories. The machinery, raw materials, and other goods imported under these 46 overseas Chinese investments totalled US\$3,418,000. The investments are for textile, machinery, chemicals, food and other manufacturing industries.

The laws relevant to investments by foreign nationals are the Statute for Investment by Foreign Nationals and the Regulations for Screening Applications of Investment by Foreign Nationals. Up to April this year, a total of 20 cases have been approved. They consist of investments either in machinery or in technical co-operation. 11 of them are already in operation in Free China.

As a move to promote private enterprises, the Government years ago decided to transfer the public enterprises to private ownership. The Statute for Transfer of Public Enterprises to Private Ownership was promulgated in January 1953. The transfer to private ownership of the four public enterprises, viz., the Taiwan Cement Corporation, Taiwan Paper & Pulp Corporation, Taiwan Agricultural and Forestry Corporation, and the Taiwan Industrial

TAIWAN'S BILATERAL TRADE AGREEMENTS

Sino-Japanese Trade Agreement

Agreement on a new Sino-Japanese trade plan was reached on April 22nd by an exchange of notes, in Taipei, between Chinese Foreign Minister George Yeh and Japanese Ambassador Kenkichi Yoshizawa. The new trade plan covers trade of goods and services worth US\$94 million each way for one year retroactively from April 1, 1955 to the end of March 1956.

Trade between Taiwan and Japan has been conducted on the basis of barter open-account with a swing limit of US\$10 million under the Trade and Payment Agreements signed in Tokyo on June 13, 1953 and the subsequent trade plans agreed upon from time to time between the two countries. The last trade plan came into effect on April 1, 1954 and expired at the end of March this year. Negotiations on the new trade plan were begun on March 15th between representatives of the two governments and were concluded on April 16.

Taiwan's last trade plan with Japan was of the trade of goods and services worth US\$74.5 million each way. The actual volume of trade consummated, however, did not reach the figures provided in the plan. According to the Bank of Taiwan, the values of trade carried out between China and Japan under the barter account in the calendar years 1951-4 are as follows:

Years	Trade figures (each way) provided in Trade Plan	Export from Taiwan	Export from Japan
1951	US\$50,000,000	US\$38,698,000	44,800
1952	50,000,000	62,017,000	49,834,000
1953	74,500,000	59,326,000	54,026,000
1954	74,500,000	51,995,000	61,941,000

Following is a breakdown of the new trade plan:

Exports from Taiwan to Japan (Unit: US\$1,000)

Raw sugar	44,800
Brown sugar	2,000
Rice	25,000
Salt	2,000
Coal	1,500
Banana	4,500
Canned pineapple	1,000
Black tea, tea by-products & tea waste	300
Molasses	600
Taiwan cedar	1,500
Bagasse pulp	600
Natural essence	400
Degenia	100
Misc. (ramie, sisal, flax, etc.)	2,700
Invisible	7,000
Total:	94,000

and Mining Corporation, marked the successful beginning of this policy. The transfer of the above four companies to private ownership was co-ordinated with the "Land-to-the-tillers" program, as the former landlords were reimbursed with stocks of the above four companies for 30% of their land value, the other 70% being reimbursed with the land commodity bond.

The transfer of the above four companies was effected according to schedule. Revaluation of the companies' assets was made in 1953, the distribution of the stocks then followed, and the transfer was completed with the convening of the general stockholders' meetings. In short, the policy of converting public enterprises into private ownership has been successfully carried out.

Export from Japan to Taiwan (Unit: US\$1,000)

Fertilizer	20,300
Textiles	5,000
Chemicals & dyestuff	3,500
Machinery, vehicles & parts	16,000
Rolling stock, communication equipment & ships	4,000
Electric supplies	4,000
Ferrous products	10,200
Non-ferrous products	3,000
Pharmaceuticals, medical supplies & equipment	3,000
Wood & wood products	500
Rubber & rubber products	2,000
Paper & paper products	800
Agricultural & aquatic products	6,200
Misc. (incl. ceramics)	8,500
Invisible	7,000
Total:	94,000

Trade figures provided in the Trade Plan this year show an increase of US\$19.5 million each way. This is to be welcomed. However, it seems to indicate that more emphasis has been placed by both countries on the barter trade. This leads us to review our barter trade in relation to our foreign trade as a whole.

Barter trade, it should be pointed out, is but an emergency measure, best utilized when the trading countries lack a common medium of exchange. Notwithstanding its various advantages, it has several defects. Firstly, because of its protective nature, the prices of goods traded tend to be higher than what would otherwise prevail under conditions of free trade. Secondly, because no actual payment or transfer of hard currency is usually involved in carrying out the barter trade, trading under barter will tend to grow but at the expense of trade with other areas.

Consequently, the exchange rate is bypassed, and so we cannot tell whether or not the prevailing exchange rate is anything like an equilibrium rate if we merely judge from the resulting trade statistics.

Taiwan is presently confronted with the problem of scarcity of free currencies. The supply of and demand for free dollars have not been in a favorable balance, notwithstanding the FOA aids. It is therefore an urgent task for our exporters to develop trade with other areas, as well as with the barter trade areas.

Sino-French Barter Agreement

The Sino-French trade and payment agreements, which were first signed on May 12, 1954, were extended for an indefinite period by an exchange of notes between Chinese and French government officials in Taipei on April 15, 1955. The agreements call for an exchange of commodities of US\$10 million each way. However, in the 11 months after May 1954 when the agreements went into effect, the volume of trade carried out amounted to less than US\$1 million. Therefore, besides making provisions to extend the agreements, the said exchange of notes provides for the creation of a working committee to carry out the trade promotion work.

The exchange of notes provides for the following three points:

(1) The trade and payment agreements shall remain in force hereafter indefinitely. The trade figure is main-

THE JAPANESE ABACUS

The Japanese abacus is an ancient implement, but it plays a vital role even in the modern daily life of the people, simplifying their daily works and enhancing their efficiency. There are a number of elements in Japanese culture which have rather tended to impede the modernization of the mode of living and to slow down the tempo toward an efficient life. An example can be found in the Japanese language itself which is composed of Chinese characters as well as the "kana"—both "hirakana" and "katakana"—a conglomeration of hieroglyphs and phonetic signs. Pioneers in the field of culture have long advocated, therefore, the simplification and standardization of the Japanese language. However, it may be said that what the Japanese have lost in the use of such a difficult language was made up for by the popular use of the abacus.

Many Japanese who visit the United States or Europe would experience a sort of impatience, or even irritation when shopping in New York, London or Paris because they have to wait quite some time before they are told how much their purchase would come to. Such is seldom the case in Japan. The use of the abacus makes the difference. The abacus is an extremely cheap machine made of wood and bamboo. Depending upon the skill of the person who operates it, the abacus becomes even more efficient than the electric calculating machine.

tained at US\$10 million each way. Either government may, however, terminate them by notifying the other three months in advance.

(2) The two governments shall take all necessary measures to improve their commercial relations and to promote commercial transactions. Particular attention shall be paid to the point that the respective exportations made through the open account shall receive payments as those obtained in transactions done with transferable currency.

(3) A working committee of equal number of representatives shall be established here to exchange trade information and examine problems. It shall have the power of making decisions regarding operations of the agreements. It may also make recommendations.

The origin of the abacus has not been historically proven. On the basis of various types of literature, it is assumed that the dust abacus known in the early stage of the Mesopotamian civilization is the first abacus that ever appeared. The dust abacus was then developed into the line abacus which was extensively used in the civilized countries of the ancient period such as Egypt, Rome, Greece and India. In due time, the grooved abacus supplanted the line abacus and was bequeathed to medieval Europe. However, with the invention of typography in the 16th century and the resultant popularization of the Arabic numerals, the popularity of the abacus fast declined in Europe.

The abacus made its debut in the Orient when the grooved abacus popularized in the zone of the Roman culture was introduced to ancient China under the rule of the Han dynasty via the so-called "Silk Road". However, during the reign of the Tang, Sung and Yuan dynasties that followed, the traditional method of counting the numbers by means of special pieces of wood still prevailed in China and the abacus was not as yet known to the public. With the advent of the Ming era, the abacus came into a popular use in the area along the lower reaches of the Yangtze River where commerce thrived. From there the use of the abacus gradually spread to the rest of China.

The Chinese abacus was introduced to Japan during the closing part of the Ashikaga period in the latter half of the 16th century as a by-product of smuggling activities. It then spread throughout Japan as a result of the rise of commerce in the Edo period. The abacus as it was first introduced to Japan consisted of two counters above the beam and five counters below the beam. Subsequently, various improvements were made along with the development of calculating technique. As a result, almost all abacuses being used in Japan today consist of one counter above the beam and four counters below the beam.

In Japan, primary school (six-year compulsory system) pupils are taught how to use the abacus chiefly for addition and subtraction as part of the education on calculation. In middle schools (three-year compulsory system), abacus lessons are given in the vocational course. They include

REPORTS FROM SINGAPORE

AUSTRALIAN FORCES FOR MALAYA: The Australian Cabinet decided on June 15 that the Australian forces to be sent to Malaya will, like the United Kingdom and New Zealand components of the strategic reserve, be available for use in operations against the Communist terrorists. The Prime Minister (Mr. Menzies) in announcing this said, "There terrorists are doing their best to destroy the economic life of the community and to delay the granting of independence to the people of Malaya. We are anxious to see self-government established in Malaya at the earliest possible moment, and to that end we are ready to assist the people of Malaya to resist these Communist bandits". This decision, allowing the use of the forces against the terrorists, will not permit their use in relation to any civil disturbances or in the internal affairs of the Federation or Singapore. Australian troops will be stationed in the Federation of Malaya—in the first instance in Penang where accommodation will be available soon. It has also been decided that the destroyers Arunta and Warramunga will remain on the Far East Station on completion of the exercises in which they are now engaged.

SIR ROBERT SCOTT NEW C.G.: The appointment of Sir Robert Heatlie Scott, at present Her Majesty's Minister at Washington, to be Commissioner-General for the United Kingdom in South East Asia in succession to the Rt. Hon. Malcolm MacDonald, was announced on June 17, and Sir Robert is expected to take up his duties at the end of September. Before the war, Sir Robert, who is a career diplomat, served for many years in the Far East, being first appointed as interpreter in the Far Eastern Consular Service (in 1927), in which he served in Peking, Shanghai, Canton, Hongkong and Manchuria. In September 1939 he was seconded to the Ministry of Information for work in Singapore. Captured by the Japanese at the fall of Singapore, he was imprisoned in Changi gaol until the end of the war, when he returned to England. He later returned to Singapore as Counsellor on the staff of Lord Killearn, Special Commissioner for South East Asia. He returned to the Foreign Office in January 1948 and was promoted to be an Assistant Under Secretary of State in September 1950. He

multiplication and division. In the commercial course of high schools, special lessons are given on commercial calculation to help students become proficient in basic calculations with the abacus (addition, subtraction, multiplication and division) and enable them to handle applied calculations of a higher degree. Private schools or institutes operating as social educational establishments specializing in teaching abacus calculation number more than 5,000 throughout the country.

The Japan Chamber of Commerce and Industry, in co-operation with other municipal chambers of commerce and industry, sponsors various kinds of projects to popularize the use of the abacus. Outstanding among such projects are tests to examine and appraise the skill of individuals in abacus calculation and to award to qualified persons a certificate, according to their grades in skill and proficiency. A total of some 800,000 persons apply for this examination each year.

Annual abacus output in Japan totals approximately 5,000,000 units. They are divided into roughly 200 varieties according to their usage and models. The standard type being extensively used in schools and in business is the abacus with 21 needs. The prices range from a minimum of about Y100 (approximately 30 cents) per unit to a maximum of about Y5,000 (approximately \$14).

was appointed Minister at Washington in July 1953, and acted as Charge d'Affaires there in 1954.

EMERGENCY ARRESTS: An assurance that the case of each of the individuals arrested under the Emergency Regulations will be reviewed was given by the Chief Minister, Mr. David Marshall, when he met a five-man Trade Union delegation in connection with the current wave of strikes affecting Singapore. Mr. Marshall made it clear in his talks that Government would not allow the decision on the cases (of those detained) to be influenced either way by mob coercion from any quarter. He added, "Whether the strikers return to work or not will not affect the fact that those arrested will be given fair and unprejudiced consideration when their cases come up for decision in accordance with the proper procedure." An official statement said: The delegates indicated that as loyal citizens representing responsible Trade Unions they did not wish to embarrass Government in a time of crisis, but they felt they had a duty to indicate the unease felt by workers over the arrest of some trade unionists under the Emergency Regulations. They therefore requested clarification of the reasons for the arrest and information on possible action in the near future. The Chief Minister stated that these few trade unionists were arrested not for their legitimate trade union activities but on information that there was a threat of violence prepared under cover of the then approaching general strike organised, among others, by subversive elements planted in the Trade Union movement for such purpose. In view of the alleged imminent threat of violence, Government was compelled to arrest some persons believed at the time to be a danger to internal security.

The Chief Minister, Mr. David Marshall, on another occasion said the people of Singapore and the Labour movement had suffered more in the past months from "the vicious and irresponsible activities of political persons" in the Trade Union movement than they have ever suffered in seven years because of the Emergency Regulations. Referring to the Peoples' Action Party, the Chief Minister said, "The abuse of the Government and responsible Trade Unionists is obviously designed to obscure the fact that these P.A.P. trade unionists failed in their threat to coerce the Government. Their defeat is by the people of the country and by responsible Trade Unionists as well as by the workers in their own unions so far dominated by them and who now refuse to be further misled.

THAI PRIME MINISTER IN SINGAPORE: The whole world will go Communist if SEATO fails in the cause for which it was established, said Marshal Pibul Songgram, Prime Minister of Thailand, at a press conference given during his recent Singapore visit. "SEATO is our last resort. If the eight SEATO countries are defeated then the free world is finished. The whole world will become Communist." Of Malaya, he said he was fully satisfied with the way the authorities in the Federation are tackling the Communist menace. "There has been very good co-operation between my Government and the Malayan government," adding that it will not be long before conditions in Malaya return to normal. "We are watching the Thai-Malayan border and our police will harass the Malayan bandits who cross the border." "Only 1,000 of the three million Chinese in Thailand are for the Communists," explained the Premier.

Marshal Songgram, who is also Minister of Defence, and Minister of Culture, has been Prime Minister of Thailand since June 1950. He began his career as a military officer, being educated at military schools in Thailand and France. In 1927 he returned to Thailand as a captain in the Thai Army and took a leading part in the "Bloodless Coup d'Etat" which set up a constitutional monarchy in Thailand in 1932. He became Minister of Defence in 1934 and was Prime Minis-

ter from 1938 to 1944. He was later appointed Prime Minister again, but resigned following the promulgation of a new Constitution in 1948. In June 1950, he was again appointed Prime Minister and has remained in that office since.

ADULT EDUCATION: The Chief Minister, Mr. David Marshall, when he laid the foundation stone of the Singapore Council for Adult Education's building said because of deficiencies in Singapore's past education policy there was considerable room for assistance for the Colony's adult population. "In the light of the new challenge of our journey towards self-government and independence, the importance of adult education cannot be over-stressed and is one of which your Government is deeply conscious. We all wish to give our children ample opportunities for basic education, and your Government hopes in the next few years to achieve this desire within wide limits.

"Education is the magic melting-pot which will fuse the various ingredients of our population and our several cultures into a unity that may well make this lovely island of ours the seat of culture, learning and commercial enterprise pre-eminent throughout the world. This is no pipe dream. We see the challenge of our present position and also we see the tremendous resources within Singapore which can be harnessed to meet it, if the inspiration and leadership is forthcoming."

"Ours is a central position in Asia with a population of many races with many cultures. In the past the ordinary worker has by personal ingenuity and sacrifice built the prosperity and the position of this great port. He has all too often been ignored. Given a new status, a new opportunity and a new dignity of active partnership with inter-racial harmony the ordinary man of Singapore peaceable, hard-working, decent, will achieve a greater future even than we can today conceive. It is the duty of your Government to evoke the enthusiastic support of the ordinary man and woman by making them realise that they are part and parcel of the entire community and of the Government, and that the welfare of this great community is the very stuff of their life. The extent of our adult ignorance is such that malevolent Communism has very recently been permitted to prostitute some schools and trade unions into weapons of chaos.

"This Singapore of ours is on the move. Whatever there has been of apathy and complacency in the past has

been rudely shaken and is being sharply set right. In this great advance of ours as we take control of our own resources to shape our own destinies in meeting the needs and aspirations of our own people, we recognise their enthusiasm, almost evangelism for education.

"Your Government aims to give a man not only greater technical skill in earning power, not only civic knowledge but individual dignity, self-respect and happiness. I wish to express the gratitude of your Ministers and all the 14,000 students who attended the Council's classes for the work which the Council has undertaken and this foundation-stone I have laid represents not only a new building on a hill around which Singapore's history has developed, but a new aspiration based firmly on the faith of the people through whom will be built the future of a way of civic and individual life as lovely as this island.

"This work of the Council for Adult Education is a practical demonstration of racial harmony within the democratic process. This is the real foundation-stone on which Singapore and all Malaya must build the edifice of independence."

MALAYANISATION COMMISSION: A commission is to be appointed to examine and report on the best and most efficient methods of implementing the Government's policy of Malayisation with the following terms of reference:— To examine closely the Schemes of Service and the present staffing of all Government departments and agencies with a view to, recommending measures to ensure the more rapid, systematic and complete Malayisation of the Public Service. To examine in consultation with all educational authorities and to report on the possibilities of including or expanding degree or diploma courses of study in Public Administration and Social Studies with a view to enable the Government to draw on a larger field of graduates for the Public Service; To examine existing training schemes and to make recommendations for the more intensive training of local officers within Government departments and agencies; To make recommendations on abolition terms which might be offered to expatriate officers in the Public Service; To consider the Public Services Commission Ordinance and its operation to make such recommendations as may be deemed necessary; To consider the question of Pan-Malayan departments in their relationship to the policy of Malayisation.

HOUSING AND BUILDING IN SINGAPORE

The total area of Singapore and the nearby islets, including inland water bodies, is 224.5 square miles of which the City area covers 31.5 square miles. The island of Singapore and nearby islets are divided for purposes of land administration into thirty-four Mukims and thirty Town Subdivisions, and for local Government purposes into City and Rural Board areas. Most of the industrial, commercial and residential buildings are in the City area, but expansion into the Rural Board area is continuous. Nearly half of the total area of the island of Singapore and nearby islets, amounting to approximately 111.2 square miles, is held under private ownership in different forms of tenure, i.e. freehold grants, 999 year leases, statutory grants and leases for 99 years and other shorter periods. Approximately 21.8 square miles are held by the City Council, the Singapore Improvement Trust, the Singapore Harbour Board and the Malayan Railway; 23.8 square miles by the Crown in trust for the Admiralty, Royal Air Force and War Department; 2.5 square miles is Forest Reserve; 58 square miles is Crown Land (including Crown Reserves for various purposes, Permit Holdings, Food Cultivation Reserves and land open for alienation). About 7.2 square miles are covered by roads and inland water bodies.

Housing and building is largely undertaken by the official Singapore Improvement Trust. The S.I.T. made considerable progress in its work of controlling and coordinating the physical development of the Island of Singapore and providing housing accommodation for its rapidly growing population. Singapore moves at a terrific pace and the tempo is always increasing. This applies not only to the expansion of population but also to the development of all those things which go to make up what is called modern civilization. One has only to leave the Colony for about three months to see how the place changes even in that short space of time. These changes appear not only on the face of Singapore and in the people one meets from day to day, but the people of Singapore, the inhabitants who are living their lives here, are changing themselves more rapidly than they would care to admit. Their customs, habits and outlook are undergoing constant change and the old ways are rapidly giving place to new.

This challenge must be met by those who are guiding the destinies of the people of this great City and progress must be carefully channelled in the right direction. What was good for twenty years ago is not necessarily good for

today. Old and well established principles and methods must be under constant review, and a public authority must be a few jumps ahead of the people in thought and action if public needs are to be rightly fulfilled. The public has a short memory and there is little good in extolling the virtues of the past. It is equally useless to look too far into the future, for the people are living in the present and they are concerned with what is happening now.

When the Singapore Improvement Trust was formed, twenty five years ago, the population was approximately 400,000. In those days there was a slum problem and there was a degree of overcrowding, but nothing to compare with the magnitude of the problem today. There was a housing shortage but not a housing famine, and the public was not conscious of the need for planning and housing as they are today. In 1927 the Trust was formed for the purpose of Town Improvement and the main tasks as laid down in the Ordinance were the preparation of a General Improvement Plan and the carrying out of Improvement Schemes. This was not Town Planning but Town Improvement. Power to control the subdivision of land came later in 1932, and no zoning powers have ever been given. The Trust was as its name implies, an Improvement Trust. The situation is very different today.

During the past twenty five years Singapore has grown into a metropolis of over a million population and is the focal centre of South East Asia. The physical framework for this growth has been quite inadequate and has failed to cope with the rapid expansion of trade, industry, education, culture and recreation. In housing alone the Colony has been unable to replace the wastage and deterioration

of existing property, far less provide for the population increase which is now estimated at 40,000 a year. Standards of housing accommodation have been revolutionized during the last quarter century but nearly half of the population still live in the slums. The Trust has carried out a great deal of work both within and outwith the scope of the Ordinance, and is now firmly fixed in the minds of the public as the Housing Authority for Singapore. Steady expansion of Trust activities took place before the war and very rapid expansion has taken place since. Since 1947 the growth and expansion of work has been phenomenal but the organisation is substantially the same as it was before. The building programme has rapidly gained momentum and this has meant the clearance of squatters for rehousing as well as a large programme of new housing. Housing and Estate Management has reached great proportions, now grown into the largest department of the Trust.

A very important part of housing is housing management. Housing Estates are designed and built in a matter of two or three years and normally the architect's job finishes here. Good housing should last from fifty to a hundred years, and the success or otherwise of a scheme depends largely on how the houses are managed during their long life. Local authorities in European countries and in America realise the necessity and value of good housing management, and they employ highly trained and well paid staffs to carry out this important work. There is more in housing management than rent collection and repairs. In fact the Estates Department of the Trust does neither but is fully engaged in the other phases of management. The number of Trust houses has more than trebled since 1947.

FOREIGN TRADE OF THAILAND

		Port of Bangkok				(Thousands of Baht)	
		1953		1954		1955	
		January	February	January	February	January	February
Imports	.....	660,986	467,602	668,281	454,870	507,005	476,929
Exports	.....	303,964	270,861	326,066	333,978	250,375	430,768

		The whole Kingdom				(Thousands of Baht)	
		1953		1954		1955	
		January	February	January	February	January	February
Imports	.....	660,986	467,602	668,281	454,870	507,005	476,929
Port of Bangkok	.....	25,188	18,674	10,484	12,659	—	—
Provincial Ports	.....	—	—	—	—	—	—
Total	.....	686,174	486,276	678,765	467,529	—	—
Exports	.....	303,964	270,861	326,066	333,978	250,375	430,768
Port of Bangkok	.....	115,126	102,223	89,400	96,031	—	—
Provincial Ports	.....	—	—	—	—	—	—
Total	.....	419,090	373,084	415,466	430,009	—	—

Baht value of trade is obtained by converting foreign currencies at free market rates of exchange.

		Principal Exports				(Metric Tons)	
		Rice Export					
		1954		1955			
Destination		Jan.-Dec.	January	February	March		
United Kingdom	.....	16,710.5	1,592.0	275.0	942.5		
Ceylon	.....	—	—	2,450.0	6,000.0		
Hongkong	.....	115,403.7	12,108.0	21,546.6	25,059.4		
India	.....	3,402.0	3.0	—	—		
Malaya	.....	14,958.0	13,183.1	11,799.8	18,196.2		
North Borneo	.....	5,112.7	657.5	207.5	794.0		
Penang	.....	30,131.0	—	—	—		
Port Swettenham	.....	40,475.8	—	—	—		
Sarawak	.....	30,717.8	1,760.0	2,210.0	5,175.0		
Singapore	.....	213,991.5	16,401.9	30,716.9	41,144.3		
Belgium	.....	457.0	—	—	—		
Denmark	.....	2,542.0	465.0	765.0	682.5		
Netherlands	.....	39,456.0	2,334.0	4,905.0	11,000.0		
Switzerland	.....	196.0	—	—	—		
Japan	.....	331,286.3	50.0	30,040.0	58,370.0		
Philippines	.....	17,184.6	—	0.5	—		
Indonesia	.....	77,994.7	—	—	—		
Lao	.....	2,000.0	—	—	—		
Others	.....	61,737.2	5,028.0	5,356.0	3,576.0		
Total	.....	1,003,756.8	53,582.5	110,272.3	170,939.9		

		Rubber Export				(Thousands of Baht)	
		To Sterling Group		To U.S.\$ Group		Total	
Period		Metric tons	Baht	Metric tons	Baht	Metric tons	Baht
1950	.....	2,210	8,340	110,489	822,081	112,699	830,421
1951	.....	—	—	110,280	1,221,689	110,280	1,221,689
1952	.....	—	—	99,021	951,758	99,021	591,758
1953	.....	—	—	96,833	672,686	96,833	672,686
1954	.....	283	2,617	111,273	927,209	111,556	929,826
1955	.....	—	—	—	—	—	—
Jan.	.....	—	—	7,025	87,467	7,025	87,467
Feb.	.....	—	—	13,786	169,298	13,786	169,298

		Tin Export				(Thousands of Baht)	
		To Sterling Group		To U.S.\$ Group		Total	
Period		Metric tons	Baht	Metric tons	Baht	Metric tons	Baht
1952	.....	6,434	198,961	6,508	193,623	12,942	392,584
1953	.....	7,274	168,305	6,891	183,140	14,165	351,445
1954	.....	10,280	291,559	2,921	85,505	13,201	377,064
1955	.....	—	—	—	—	—	—
Jan.	.....	398	9,444	328	7,792	726	17,236
Feb.	.....	282	7,065	362	8,615	644	15,680

THE COMMERCE OF NORTH BORNEO

The value of domestic imports in 1954 into the Colony, including goods imported into bond, exceeded the corresponding 1953 total by more than \$4 million; while the aggregate value together of domestic exports, exports from bond and re-exports, was \$17 million more than in the previous year.

Trade figures since 1938 in millions of dollars are given in the following table:—

Year	Imports \$(000,000)	Exports (including re-exports) \$(000,000)	Balance of Trade (+) (—)
1938	6.4	9.8	+ 3.4
1939	6.5	13.5	+ 7.0
1940	10.0	20.3	+ 10.3
1941-1946	Not available		
1947	20.5	17.0	— 3.5
1948	25.4	29.7	+ 4.3
1949	34.0	38.5	+ 4.5
1950	46.0	93.0	+ 47.0
1951	70.2	122.9	+ 52.7
1952	70.3	66.9	— 3.4
1953	70.0	60.3	— 9.7
1954*	74.3	77.2	+ 2.9

* In 1954 the compilation of trade statistics on the basis of the Standard International Trade Classification was commenced.

The favourable balance of visible merchandise trade exclusive of banking and investment credit transactions for the year showed an excess of \$2.9 million of exports over imports. Compared with 1953, timber exports rose by 100%, although the market price actually declined by 31%. Tobacco exports increased by 137% and the market price by 138%. The price of rubber rose during the year from an average of £162 per ton in 1953 to an average of £163 per ton.

Imports and Exports

The following show the main imports and exports during the last five years:—

MAIN IMPORTS						
	1950	1951	1952	1953	1954	
Provisions	(000 tons) 9.8	13.0	11.1	13.5	11.7	
	(Million \$) 6.0	10.6	9.5	10.0	9.3	
Textiles and Apparel	—	—	—	—	—	
	(Million \$) 6.8	9.3	4.7	4.5	5.0	
Rice	(000 tons) 8.3	15.6	14.1	10.4	7.9	
	(Million \$) 3.2	7.4	8.1	5.9	3.9	
Tobacco, Cigars and Cigarettes	(000 lbs.) 539.1	720.7	702.4	650.7	770.4	
	(Million \$) 2.6	3.8	4.5	4.0	4.6	
Sugar	(000 tons) 2.7	6.7	5.7	5.0	6.3	
	(Million \$) 2.7	3.7	2.9	2.2	2.7	
Vehicles	(Nos.) 8,427	10,240	7,936	2,820	2,674	
	(Million \$) 1.6	3.4	3.1	1.9	2.5	
Metals	(000 tons) 1.1	5.4	6.0	6.2	5.9	
	(Million \$) 1.9	4.6	5.3	4.5	5.2	
Building Materials	(000 tons) 4.8	7.8	18.1	14.0	13.4	
	(Million \$) .4	1.3	3.4	2.3	1.3	
Machinery	—	—	—	—	—	
	(Million \$) 2.7	2.6	5.8	8.4	8.4	
Oils	—	—	—	—	—	
	(Million \$) 3.1	3.3	6.8	5.7	5.8	
MAIN EXPORTS						
Rubber	(000 tons) 23.9	21.7	19.1	16.8	17.1	
	(Million \$) 59.9	86.2	39.1	23.4	24.0	
Timber (Logs and Swan)	(Mil. cu. ft.) 3.8	4.1	3.1	5.2	10.5*	
	(Million \$) 6.5	10.2	8.3	12.3	17.4	
Copra†	(000 tons) 31.7	23.6	17.6	15.3	26.6	
	(Million \$) 17.2	15.8	7.5	8.7	13.8	

		1950	1951	1952	1953	1954
Firewood	(000 tons) (Million \$)	67.9	58.7	95.6	53.8	24.5
		1.6	2.4	3.1	1.0	.5
Tobacco	(000 lbs.) (Million \$)	255.0	224.3	286.2	142.9	311.3
		1.7	1.7	2.1	.6	3.5
Cutch	(000 tons) (Million \$)	4.1	4.6	4.0	4.9	5.6
		1.2	1.4	1.8	2.4	2.8
Dried and Salt Fish	(000 tons) (Million \$)	.8	.8	.7	.7	.6
		.6	.6	.6	.5	.5
Hemp	(000 tons) (Million \$)	.6	.1	.4	1.2	1.9
		1.2	.3	.5	1.6	1.8

* 9.1 million cubic feet in terms of sawn timber.

† Includes re-exports.

Control of Imports and Exports

In order to conserve foreign exchange and to regulate the importation of certain commodities a licence from the Commissioner of Trade and Customs must be obtained for certain types of goods. There are restrictions on the importation of goods from Japan and the American dollar countries, but further steps were taken during the year under review to remove import licensing restrictions on goods of European origin. The export of certain goods is prohibited except under licence. These include strategic materials and commodities in short supply.

Source and Destination of Goods

The following tables show the value and percentage of total value of imports declared by countries of origin and of exports declared by countries of destination:—

PERCENTAGE OF VALUE OF TOTAL IMPORTS BY COUNTRY OF ORIGIN

	Values by Country of Origin	Percentage of Trade
United Kingdom	\$20,458,931	28.15
Malaya	8,739,930	12.03
Hongkong	5,411,493	7.45
Japan	4,973,782	6.84
U.S.A.	4,699,475	6.47
Philippine Islands	4,134,764	5.69
Australia and New Zealand	3,738,931	5.14
Thailand	3,607,016	4.96
Indonesia	3,171,351	4.36
Netherlands	2,414,908	3.33
Other European non-Commonwealth Countries	2,157,319	2.97
Formosa	2,107,056	2.90
India and Pakistan	1,886,288	2.60
Germany	1,545,414	2.13
China and Macao	1,164,030	1.60
Other Asian non-Commonwealth Countries	960,649	1.32
Other Asian Commonwealth Countries	894,166	1.23
African Commonwealth Countries	228,675	.31
Canada and British West Indies	149,468	.21
African non-Commonwealth Countries	92,172	.13
Indochina	75,909	.10
Other American non-Commonwealth Countries	59,438	.08

	\$72,671,165	100.00
Postal Articles	1,665,251	
	\$74,336,416	

PERCENTAGE OF VALUE OF TOTAL EXPORTS
BY COUNTRY OF DESTINATION

	Values by Country of Destination	Percentage of Total ¹
United Kingdom	\$15,609,462	20.21
Other European non- Commonwealth Countries ..	13,501,108	17.48
Malaya	11,765,745	15.23
Hongkong	8,749,508	11.33
Japan	7,365,444	9.54
Philippine Islands	3,830,236	4.96
Australia and New Zealand ..	3,796,190	4.92
Germany	3,575,254	4.63
U.S.A.	2,732,763	3.54
Other Asian Commonwealth Countries	2,348,642	3.04
Netherlands	1,871,769	2.42
African Commonwealth Coun- tries	1,086,589	1.41
Indonesia	275,189	.36
Other Asian non-Commonwealth Countries	189,414	.24
Other American non- Commonwealth Countries ..	188,566	.24
China and Macao	137,773	.18
Thailand	126,851	.16
Formosa	54,949	.08
India and Pakistan	13,382	.02
African non-Commonwealth Countries	11,613	.01
Canada and British West Indies	2,009	—
	<u>\$77,232,456</u>	<u>100.00</u>
Postal Articles	60	
	<u>\$77,232,516</u>	

The following table shows the percentage by value of each of the principal exports taken by the several countries of destination:—

Rubber	per cent	Timber	per cent
United Kingdom ..	34.1	Japan	35.9
Malaya	31.1	Australia	18.8
Hongkong	12.2	Hongkong	17.8
Germany	11.3	United Kingdom ..	14.7
Other European non- Commonwealth Countries	8.3	African Common- wealth Countries	6.4
U.S.A.	2.6	U.S.A.	3.5
Netherlands .....	.4	Other Asian Commonwealth Countries	1.3
	<u>100.00</u>	Malaya .....	.6
		Netherlands .....	.5
		Formosa .....	.3
		Germany .....	.1
		African non- Commonwealth Countries .....	.1
	<u>100.00</u>		<u>100.00</u>

Hemp	per cent	Firewood	per cent
United Kingdom	86.1	Hongkong	100.0
Other European non- Commonwealth Countries	7.1	Cutch	
Germany	2.5	U.S.A.	51.4
New Zealand	2.2	Japan	18.3
Netherlands .....	.8	Hongkong	12.1
South Africa .....	.7	United Kingdom ..	7.4
Malaya .....	.6	Other European non- Commonwealth Countries	5.8
	<u>100.00</u>	China	4.0
Estate Tobacco		Netherlands .....	.9
United Kingdom	99.1	Germany .....	.1
U.S.A. ....	.9		<u>100.00</u>
	<u>100.00</u>		

Transit Trade

The transit trade along the whole coast of the Colony during the year amounted to 220,283 tons valued at £12 million.

Importation of Essential Commodities

The Government Supplies Department continued to be responsible for the importation of rice.

— From the North Borneo Government Report for 1954

MINERAL PRODUCTION IN THE PHILIPPINES

(Calendar Year 1954)

Minerals	Quantity	Value in Pesos	Totals
Metallics:			
Gold	416,052 Oz.	P44,808,800*	
Silver	527,160 "	896,173	P 45,704,973
Lead (metal)† ..	1,827 M.T.	P 1,026,808	
Copper (metal)†	14,349 "	18,973,080	
Manganese Ore	9,393 "	499,719	
Chromite Ore:			
Refractory ..	388,590 "	11,656,290	
Metallurgical	62,595 "	3,830,218	
Iron Ore	1,424,898 "	24,878,184	P 60,864,299
Non-Metallics:			
Cement	1,858,860 Bbls.	P25,216,946	
Coal	119,627 M.T.	2,840,886	
Rock Asphalt ..	2,976 "	78,620	
Sand, gravel, salt and all other non- metallics		12,387,349	P 40,523,801
			<u>P147,093,073</u>

Note: * The estimated average market price of gold from January 1 to December 31, 1954 is P107.70 per ounce.

† Estimated metal content of the concentrates exported.

Compiled in the Mining and Metallurgical Division from the reports of mining companies and/or other producers.

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

For the week 15 to 20 August 1955.

U.S.\$

August	T.T. High	T.T. Low	Notes High	Notes Low
15	\$584	583½	582¼	581¾
16	584	583¼	581½	581¼
17	583¾	583	581½	580½
18	583½	583¼	581½	580½
19	583½	583¼	581½	581
20	583¾	583¼	581½	580½
D.D. rates: High 582¼ Low 581¼.				

Trading Totals: T.T. US\$2,140,000, Notes cash US\$660,000, forward US\$ 410,000. There was little fluctuation in rates but the market was active. Lower cross rates in New York did not affect the market. In T.T. sector, there were more offers from Bangkok. Gold importers provided a strong demand while general merchants also made purchases. In Notes, speculative activity was small. Cash notes increased as a result of heavy tourist spending. Interest totalled \$6.80 per US\$1,000 in favour of sellers. Positions in forward figured at US\$3¼ million. In D.D. sector, business increased with more remittance from overseas Chinese.

Yen and Piastre: There was no trading forwards. Interests for change over were \$3.54 per 100,000 for Yen; and \$11.20 per 10,000 for Piastre, both in favour of buyers. Cash quotations were \$1,425 per Yen 100,000; \$835-815 per Piastre 10,000.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.91-1.8775; Japan 0.0144-0.0142; Malaya 1.88-1.8775; Indochina 0.08-0.0775; Thailand 0.247-0.243; Indonesia 0.135-0.125. Sales: Pesos 550,000; Yen 180 million; Malayan \$430,000; Piastre 15 million; Baht 9 million. There were only a few changes in rates. The market was active as a result of the inflow of funds from the Philippines. The official rate of the Korean Hwar was increased from 160 units to 500 units per US\$.

Chinese Exchange: People's Bank Yuan notes were quoted at HK\$1.85 per Yuan. Taiwan Bank Dollar notes at HK\$177-172 per thousand; remittances at \$157-154.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.59-15.56; Australia 12.10-12.05; New Zealand 13.72-13.70; Egypt 14.80; South Africa 15.37-15.35; India 1.1625-1.16; Pakistan 1.00-0.98; Ceylon 0.96; Burma 0.64; Malaya 1.837-1.834; Canada 5.865-5.8625; Philippines 2.10-2.015; Macao 1.02-1.015; Switzerland

1.35; France 0.0156-0.0155; Indonesia 0.12; Thailand 0.237-0.232.

Gold Market

August	High .945	Low .945	Macao .99
15	\$252¾	252¼	262¼ High
16	252½	251¾	
17	252½	251½	
18	251¾	251%	
19	252¼	251%	
20	252¼	252	Low 261%

The opening and closing prices were \$252½ and 252¼, and the highest and lowest \$252½ and 251½. The market was quiet. Tradings were mostly confined to importers and exporters. The suspension of import permits by Thailand was confirmed. Interest for change over in forward favoured sellers at \$2.75 per 10 taels of .945 fine. Position figured at a daily average of 28,200 taels. Tradings totalled 24,600 taels or averaged 4,100 taels per day. Cash sales amounted to 27,190 taels (7,390 listed and 19,800 arranged). Imports were all from Macao and totalled 18,500 taels. A shipment of 60,000 fine ounces arrived in Macao. Exports totalled 15,500 taels (8,500 to Singapore, 4,000 to Indonesia, 1,500 to India, 1,500 to Rangoon). Differences paid for local and Macao .99 fine were \$11.80 and 11.70 respectively per tael of .945 fine. Cross rates in the Exchange were US\$37.75-37.74. 12,800 ozs were contracted at 37.75 C.I.F. Macao.

Silver Market: The market remained quiet. Bar silver quoted HK\$5.94-5.93 per tael with 900 taels traded; \$ coins at HK\$3.83-3.81 per coin with 1,000 coins traded; 20c coins at HK\$2.95-2.93 per 5 coins with 1,000 coins traded.

HONGKONG SHARE MARKET

The market improved on Tuesday and a number of shares recovered about half their total losses suffered during the previous week. Of the total turnover for the week, amounting to about \$7.5 million, dealings in Banks, Electrics and Telephones absorbed about 50%. **Monday:** Following in the trend of the previous week, most counters drifted to lower levels. Hongkong Banks changed hands from \$1,770 to \$1,740 with sellers at \$1,760 at the close. All Public Utilities yielded ground. Lands eased off to \$71 and Cements were offered at \$32½ at the close. Wheelocks were transacted from \$8.60 to as low as \$8.25. Rubbers were quiet, 24,000 Amalgamated Rubbers changed hands from \$2.20 to \$2.15, 4,000 Sungalas at \$7, dealings elsewhere negligible. At the close market ruled easy with a

downward trend. The turnover for the day amounted to approximately \$1.16 million. **Tuesday:** After an exceedingly quiet opening, the market under the leadership of Hotels, Electrics and Wheelocks firmed up. In the afternoon, Banks joined the rise, and apart from Yaumati's prices continued to advance in most sections. Rubbers were weaker following lower advices from abroad. The day's turnover amounted to approximately \$1.75 million. **Wednesday:** In keeping with Tuesday's closing, the market appeared in a more cheerful mood with buyers in evidence, in some cases at improved rates. Rubber: There was some activity in this section, and Amalgamated Rubber led the field with 24,000 shares transacted at \$2.125 closely followed by Rubber Trusts with some 20,000 shares at \$3.15. The market at noon closed fairly steady with a turnover amounting to approximately \$1 million. **Thursday:** Renewed buying of Utilities led the upswing with most stocks making slight advances. Shortly after the opening sessions in the morning, buyers predominated and remained in command the rest of the day. Cements, Wheelocks and Realities made fair advances while Trams which had been neglected of late were in demand. Electrics after being traded in at \$42½ closed slightly under than the day's high. Banks went against the general trend of the market due to some liquidating. Rubber: Rubber shares were generally neglected and only just before

HONGKONG AND FAR EASTERN TRADE REPORTS

In the local commodity market last week, China and Taiwan made only a few selective purchases. Trading, however, was active with orders from Korea, Southeast Asia and Japan. Bulk transactions were still checked by low buying offers and short stocks, particularly in the case of metals and paper. Demand from Europe for China produce was strong; prices of cotton yarns were firm with orders from Southeast Asia; enquiries from Korea and Indochina for industrial chemicals kept quotations steady; while cotton piece goods and pharmaceuticals were sluggish throughout the week.

TRADE DEVELOPMENTS

Trade Restrictions: Effective as from October 1, consular invoices will no longer be required for exports of HK products to US.

China Trade: The 120 million ruble trade agreement between China and Finland covers 60 million ruble worth of Finnish machinery, metal products and paper in exchange for Chinese soya beans, oil-bearing crops, tea, silk and other staples of equivalent value. Peking is delivering 108,000 tons of rice to Colombo from Burma instead of from China. Under the rice-rubber trade pact, China has to ship 120,000 tons of rice to Ceylon this year.

Japan Trade: Local dealers booked more Japanese woollen goods, cement, metals, vegetables, fruits, and grey sheetings during the week. Shipments to Japan consisted mainly of China produce and scrap metals. Japan's Minister for International Trade and Industry disclosed that he had asked government authorities to approach Washington in the easing of restrictions on Japanese trade with Communist China. He also said that under current circumstances Japan placed more emphasis on trade with Formosa. Three days after Seoul had issued a blanket ban on all trade with Japan, Tokyo suspended operations in foreign exchange with Korea. Seoul already owes Tokyo \$47 million in settlement of Japanese exports which Japan has not been able to collect.

Korea Trade: Seoul ordered a halt to all trade with Japan following its ban on travel between the two coun-

tries. The only Japanese products that can get into Korea now are imports under the aid programs. Seoul's Foreign Minister attacked Japan for "flirting" with Communist countries and stated that Korea was therefore forced to cut off her trade with Japan. Leading newspapers in Seoul, however, disapproved the policy and criticized the ban on trade with Japan as "lamentable and without benefit to Korea." Meanwhile, Seoul announced that the new 500 Hwan to US\$1 exchange rate agreed upon in the recent Korea-US aid talks in Washington, would be applied to: (1) sales of Government-held and bank-held dollars; (2) foreign exchange transactions between private individuals which should be made through the Foreign Exchange Bank; (3) the assessment of taxable prices of imports; (4) all of the aid supplies imported for the public; and (5) foreign trade dollars including retention dollars. The exceptions are payments for American bituminous coal and imported fertilizer which are figured at 200 Hwan and 250 Hwan respectively. After January 1, 1956, fertilizer imports will be priced at 500 Hwan to US\$1. The Dollar-Hwan auction in Korea has now been suspended. In the local market, Korea bought knitting wool, suiting materials, staple fibre yarn, and granulated sugar in addition to usual purchases of paper, industrial chemicals, metals, and pharmaceuticals.

Indonesia Trade: As a result of the recent increase in imports, prices of commodities such as flashlight batteries and cotton vests declined in Djakarta. During the week, more enquiries than orders reached here from Indonesia. Prospects, however, are good because: (1) HK dollar has dropped in Djakarta making HK products cheaper; (2) following the establishment of the new cabinet, Aid-Purchases are likely to increase.

Thailand Trade: Bangkok sent here more orders as a result of increased shipments of Thai products to HK. There were also more procurements under US-aid allocations. Shipments from Thailand included sesame, beans, groundnut oil, and rice. In return, Thailand bought structural steel, paper, pharmaceuticals, and grey sheetings.

Burma Trade: Exports to Burma remained active. Recent shipments included paper, rain coat material, metal products, foodstuffs, and Hongkong products such as hats and structural steels. During the past seven months the total value of HK's exports to Burma dropped by \$2.7 million from that for the same period in 1954 as a result of competition from China and Japan. This competition is growing.

The Philippines: Manila enforced a 50% cut on imports of non-essential consumer goods for the second half of 1955 in order to save its dwindling foreign exchange reserves. Essential

and non-essential producer items, with the exception of textiles, are exempted from the new measure.

Indochina Trade: Shipments to Indochina of purchases made here with US-aid funds remained active.

COMMODITIES

China Produce: Woodoil, citronella oil, peppermint oil, sesame, feathers, rosin, dried chilli, and garlic advanced with increased demand from various sources. Trading was active with orders from Japan for red beans, maize, rosin, cassia lignea, sesame, and woodoil; from Europe for egg products, rosin, raw silk, feathers, cassia lignea, peppermint oil, and aniseed oil; from London for rhubarb and woodoil; from Southeast Asia for garlic, dried chilli, gypsum, and woodoil; from Taiwan for gypsum and woodoil; and from local factories for red and soya beans, rosin, groundnut kernel, and woodoil.

Metals: Mild steel plate, zinc sheets, and brass sheets were stimulated by increased cost but trading in these items was restricted by low buying offers. On the strength of low stock and strong demand, mild steel angle bars, blackplate, blackplate waste, waste, brass and iron scraps improved considerably during the week. Mild steel round bars remained firm on orders from Southeast Asia and local building contractors; while galvanized iron pipes declined under selling pressure. Galvanized iron sheets and tinplate waste were first depressed by heavy arrivals but later recovered when local demand improved.

Paper: Korea enquired for 2,500 tons of newsprint in reels of American or European origin. Sellers were reluctant to offer as the local price level was much lower than indent cost and supplies were difficult to get. Korea also wanted woodfree printing, unglazed kraft, M.G. white sulphite, and transparent cellulose paper of origins other than Communist China and Japan. This specified demand stimulated these items which were low in stock particularly with the European goods. Trading, however, was limited by low buying offers. Other popular items were newsprint in reams, favoured by local consumers and Burma; glassine and tissue by Korea; and M.G. cap, bond, and M.G. ribbed kraft by local factories. Cigarette paper was firm and aluminium foil improved on account of the dwindled supply. Strawboard registered drops under selling pressure developed by heavy arrivals from China and Japan.

Industrial Chemicals: There were more enquiries than orders from various sources. China was interested in sodium nitrate and potassium ferricyanide; Indochina in sodium sulphide, copper sulphate, boric acid, sodium perborate, acetic acid and caustic soda; and Korea in rosin, sodium sulphide, shellac, acetic acid, and caustic soda. On account of low stocks, sodium sulphide, borax crystal, and caustic soda improved. On the other hand, selling

the close a few transactions were put through. The market was steady with a turnover amounting to approximately \$1.6 million. **Friday:** The market turned quiet and prices weak. Banks and Unions were down but Docks came in for some inquiry at higher rates and closed at their highest. Trading in most Utilities were transacted on a smaller scale and Electrics were slightly down after their dividend announcement. Rubber shares were quieter with prices below last Friday's. The turnover amounted to approximately \$1.3 million.

pressure depressed linseed oil. Prices of other popular items remained steady.

Pharmaceuticals: The market was very quiet during the week registering only some local demand for penicillin preparations, sulphonamides, isoniazide powder, and other popular patent medicines. Thailand was interested in saccharine crystal and Korea in neosalvarsan ampoules, but these transactions failed to stimulate the market. Prices in general showed no fluctuations.

Cotton Yarns: Trading was quiet in the local market but prices of HK yarns remained firm as orders from UK, Indonesia and other sources will keep local mills busy for the next three months. Japanese yarns and Indian products improved on short stocks.

Cotton Piece Goods: Japanese white shirtings remained firm on enquiries from Indochina. HK grey sheetings enjoyed steady demand from Thailand. Trading, however, was slow as there were more enquiries than orders from these sources.

Rice: At the beginning of the week both Thai white rice and Chinese products registered gains but as more supplies arrived from these two sources, prices declined in general. Hunan whole rice and Thai broken rice, however, improved on short stocks.

Wheat Flour: US flour improved on advanced indent price and enquiries from Korea. Other products remained steady on local demand.

Sugar: Despite the arrival of 6,000 bags of sugar from Japan, prices of various products remained steady in the local market on account of steady local demand and orders from Korea.

Cement: The indent price of Japanese cement improved to \$119 per ton cif HK. Local demand for Japanese goods and other products remained strong.

Hongkong Manufactures: Enquiries received from various sources include: Africa for enamelware, torch batteries, umbrellas, toys, wrist watch bands, cotton shirts, rubber and leather shoes, bedspread, children's garments, lockers for suitcases, knitted wears, clocks, and hats; Singapore for glass tumblers; Gibraltar for high quality pure silk shirts, gourmet powder, and garlic; Germany for cigarette lighters; New Zealand for canned lichee; and Fiji Isles for firecrackers and torch batteries. A 12-man trade mission organized by the Chinese Manufacturers' Union will depart shortly for Indonesia to improve the demand over there for HK products.

and although at the close Industrials were again steady, both Tins and Rubbers with few exceptions, met with only small support. The naming of ministers in the new Federation Government and their initial practical approach to its many problems gave the market cause for confidence in Federation investments, but in Singapore, widespread Industrial unrest coupled with ministerial threats against those who would venture to develop real estate in the Island have prevented firming of the markets in Industrials, which could have been expected to result from the present buoyant trading conditions.

Last week's rally in Industrials was short-lived. Persistent selling and lack of support caused Gammons to fall from \$2.82½ to \$2.70 finally levelling off at \$2.72½. Singapore Cold Storage receded to \$1.65 but closed \$1.67½ buyers, whilst Straits Steamship were down to \$13.50 with sellers over. Fraser & Neave had sellers at \$1.70, William Jacks at \$3.10 but Wearnes remained unchanged at \$2.72½. Aloof from selling pressure were Straits Traders with business from \$22.80 to \$23.00 and Malayan Breweries which improved 5 cents to \$3.35. Federation registered Malayan Cement and Malayan Collieries had good enquiry at \$1.52½ and 80 cents respectively. Again, the Tin section contributed little to the total volume of business. London offering of shares dried up towards the end of the period, and a number of recoveries eventuated. London Tin Corporation which fell to 8/6, revived rapidly to 9/9, and London offering of Petaling at \$4.60 turned to bids at the same price. Rawang Tin had a spate of sellers from 10/9 to 10/6 but Kuala Kampar remained popular and closed with buyers at 31/-. Berjuntals had buyers at 24/- and Sungai Way at \$3.70. Lower Perak were prominent with good turnover from 13/- to 13/3½. Austral Malay had an isolated transaction at 33/6 cum the 1/- dividend and Austral Amalgamated also cum 1/-, were out of favour with sellers at 15/9. Kuchai with good outputs for the past four months, had buyers at \$1.85 but few sellers.

In London, the Rubber share market suffered from general liquidation in other sections. This in turn, plus the nervousness in the commodity market, put paid to the continual rise and increased turnover in the local rubber section. Rubber Companies, despite the fact that at the present price there is a high export duty, a high inflationary cess and a replanting cess (the last two are returnable), are in a happy position and remembering the favourable statistical situation and expanding consumption, there is still room for appreciation in share prices. Although the turnover was reduced, it was still of some magnitude and for a change most counters had offerings i.e., Telok Anson, which for some considerable time has been without any dealing from lack of a seller, had business at \$1.00. Hamiltons were taken from \$1.40 to \$1.45, Kempas from \$1.75 to \$1.80 to \$1.77½ and Ayer Hitam to \$1.07. Ulu Benut

were prominent with business from 34 to 36 cents.

Medicine business was written in local Loans and United Kingdom Gilt-Edged.

Business done 6th-12th August, 1955:

Industrials:— British Borneo Petroleum 47/9, Consol. Tin Smelter Ords. 30/3 and 30/-, Fraser & Neave \$1.72½ and \$1.70, Gammons \$2.81½ to \$2.70 to \$2.72½, Hammers \$2.60, Wm. Jacks \$3.10, Malayan Breweries \$3.30 to \$3.35, Malayan Cement \$1.52½, Malayan Collieries 80 cents, Metal Box \$1.35 to \$1.38½, McAlisters \$3.12½, Robinson Ords. \$2.25 to \$2.30, Singapore Cold Storage \$1.67½ to \$1.65 to \$1.67½, Straits Times \$2.92½ to \$2.87½ to \$2.90, Straits Traders \$22.80 to \$23.00, Straits Steamships \$13.50, Henry Waugh \$1.70 to \$1.72½, Wearne Bros. 2.72½.

Tins:— Batu Selangor 58 cents, Berjuntal 24/-, Klang River 92 cents, Kuchai \$1.85, Petalings \$4.60 to \$4.65, Sungai Ways \$3.70, Austral Amals. 15/7½ and 15/9, Austral Malays 33/6, Kuala Kampar 29/6 to 30/9, Lower Perak 13/- to 13/3½, Rawang Tin 10/9 to 10/6, Tongkah Harbour 8/1½, Kinta Kelias 7/4½, London Tin 8/6, Selayang 1/6.

Rubbers:— Amal. Malays \$1.80, Ayer Hitam Planting Syndicate \$1.06 and \$1.07, Ayer Panas \$1.05, Benta \$1.07, Changkat Serding \$1.15 and \$1.10, Chota 1/1½ and 1/1, Hamilton \$1.40 to \$1.45, Glenalea \$1.20, Jeram Kuantan \$2.18, Jimah Rubber \$1.06, Kempas \$1.75 to \$1.80 to \$1.77½, Kluang \$1.06 & \$1.05, Kuala Sidim \$1.80 and \$1.77½, Mentakab \$1.30, Pajam \$1.15 and \$1.10, Selangor Coconuts \$1.70, Teluk Anson \$1.00, Ulu Benuts 34 cents to 36 cents, Sungai Tukang \$1.00.

Overseas Investments:— British— British Motors 14/6½, Burmah Oil 174/9, Elec. & Musical Industries 28/6, Furness Withy 52/3, Messina (Lon. reg.) 190/-, Shipton Holdings 5/7½ and 5/7, Shell Transport 140/3.

Australian:— Aust. Paper Manufacturers A29/-, British Tobacco A37/5, Containers A29/9, Consol. Tin Dredging A2/5 and A2/6, Electrolytic Zinc A47/3, Foy & Gibson 5% cum prefs. A15/7½, Heathorn Ltd., A43/1, Imperial Chemical Industries A2/6, Mt. Lyella A27/9, Mt. Morgan con. prefs. A15/-, Mt. Isa A73/9, Peko A7/10½ and 7/11, Skipper Holdings A14/4½, Swan Brewery A9/9.

SINGAPORE SHARE MARKET

Singapore markets generally had a quiet week and volume of business written fell to average. A fair amount of selling gained some momentum on the sharp though temporary fall in rubber. Selling applied to all sections

